

OFFERING CIRCULAR

National Bank of Greece Funding Limited

(incorporated with limited liability in Jersey)

€350,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities

having the benefit of a subordinated guarantee of

National Bank of Greece S.A.

(incorporated with limited liability in the Hellenic Republic)

Issue price: €1,000 per Preferred Security

The €350,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities (the “Preferred Securities”) each with a liquidation preference of €1,000 (the “Liquidation Preference”) are issued by National Bank of Greece Funding Limited (the “Issuer”) on July 11, 2003 (the “Closing Date”). All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a subordinated basis by National Bank of Greece S.A. (the “Bank”) pursuant to a subordinated guarantee dated July 11, 2003 (the “Guarantee”), all as more fully described herein under “Subordinated Guarantee”.

The Preferred Securities will entitle holders to receive (subject as described herein under “Description of the Preferred Securities”) non-cumulative preferential cash dividends payable quarterly in arrears on January 11, April 11, July 11 and October 11 in each year, commencing on October 11, 2003. In relation to any Preferred Dividend Period, the rate of Preferred Dividend shall be the sum of Three Month EURIBOR and the relevant Margin.

The Preferred Securities are perpetual securities and have no fixed redemption date. However, the Preferred Securities may be redeemed, in whole but not in part, on the First Call Date or on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 days’ notice, each to be redeemed at the Redemption Price plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period. Such redemption is subject to the consent of the Bank and the Bank of Greece.

In the event of a liquidation, dissolution or winding-up of the Issuer, holders of the Preferred Securities will be entitled to receive, for each Preferred Security, a liquidation preference of €1,000 plus accrued and unpaid Preferred Dividends for the then current applicable Preferred Dividend Period to the date of payment, as more fully described in “Description of the Preferred Securities”.

Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange.

In making an investment decision, investors should read the “Investment Considerations” on page 11 of this Offering Circular.

The Preferred Securities are expected to be rated “Baa1” by Moody’s Investors Service Limited (“Moody’s”) and “BBB–” by Standard & Poor’s Rating Services, a division of the McGraw Hill Companies Inc. (“Standard & Poor’s” and, together with Moody’s, the “Rating Agencies”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agencies.

The Preferred Securities will be represented on issue by a single global certificate in registered form (the “Global Certificate”). The Global Certificate will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited with, a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear system (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) on or around the Closing Date.

The Preferred Securities and the Guarantee have not been registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any jurisdiction, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as those terms are defined in Regulation S under the Securities Act (“Regulation S”)), except in certain transactions exempt from the registration requirements of the Securities Act.

Joint Lead Managers

BNP PARIBAS

Citigroup

NBG International

Co-Lead Managers

ABN AMRO

ALPHA BANK

BCP Investimento, SA

EFG Eurobank Ergasias S.A.

Greek Postal Savings Bank

Investment Bank SA

The date of this Offering Circular is July 9, 2003.

The Issuer and the Bank accept responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer and the Bank (which have taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer and the Bank, having made all reasonable enquiries, confirm that this Offering Circular contains or incorporates all information which is material in the context of the Preferred Securities, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer and the Bank accept responsibility accordingly.

No person has been authorized to give any information or to make any representations other than those contained in this Offering Circular in connection with the offering of the Preferred Securities and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Bank or the Managers (as defined under “Subscription and Sale” herein). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Bank or the Bank and its consolidated subsidiaries as a whole (the “Group”) since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Bank or the Managers to subscribe for, or purchase, any of the Preferred Securities. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorized or is unlawful. This Offering Circular may only be used for the purposes for which it has been published.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer or the Bank in connection with the Preferred Securities or their distribution.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Bank or the Managers that any recipient of this Offering Circular should purchase any of the Preferred Securities. Each investor contemplating purchasing Preferred Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Bank.

The Preferred Securities and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as defined under Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act. The Preferred Securities are subject to U.S. tax law requirements. For a further description of certain restrictions on the offer and sale of the Preferred Securities and on distribution of this Offering Circular, you should read “Subscription and Sale” below.

A copy of this Offering Circular has been delivered to the Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 as amended and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of the Preferred Securities by the Issuer. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

An investment in the Preferred Securities is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.

If you are in any doubt about the contents of this Offering Circular, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

Nothing in this Offering Circular or anything communicated to holders of, or investors in, the Preferred Securities (or any such potential holders or investors) by the Issuer is intended to constitute, or should be

construed as, advice on the merits of the purchase of or subscription for the Preferred Securities or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998, as amended.

IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, CITIGROUP GLOBAL MARKETS LIMITED OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO OBLIGATION ON CITIGROUP GLOBAL MARKETS LIMITED OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

FINANCIAL AND OTHER REFERENCES

All references in this Offering Circular to “Euro”, “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union (“EMU”) pursuant to the Treaty establishing the European Community (signed in Rome on March 25, 1957) as amended, all references to Sterling and £ refer to the currency of the United Kingdom, all references to “U.S.\$”, “USD” and “U.S. dollars” refer to the currency of the United States and all references to “Greek drachmas”, “drachmas”, “Drs” or “GRD” are to Greek drachmas.

Greece adopted the euro as its national currency on January 1, 2001, at which time the drachma ceased to exist as a separate legal currency. From January 1, 2001, the Greek drachma became the national denomination of the euro in Greece and was fixed against the euro at a rate of €1.00 = GRD 340.75. On January 1, 2002, euro bank notes and coins were introduced in the EMU countries and on March 1, 2002, drachmas (and all other national denominations of the euro) ceased to be legal tender and were replaced entirely by euro notes and coins. Financial statements for the National Bank of Greece are therefore expressed in euro in this Offering Circular. Financial statements for the years ended December 31, 2000 and 2001 were recorded in Greek drachmas and have therefore been re-expressed in euro based on the fixed rate of €1.00 = GRD 340.75 to conform to the current presentation.

The financial information presented herein has been prepared in accordance with generally accepted accounting principles in Greece (“Greek GAAP”). Certain financial information prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) has also been provided.

Certain financial and statistical information in this Offering Circular has been subject to rounding adjustments. Accordingly, the sum of certain data may not conform to the total.

All references herein to “Greece”, the “Republic”, the “Republic of Greece” and the “Greek State” are to the Hellenic Republic. All references herein to “Central Bank” or “Bank of Greece” are to the Bank of Greece.

Unless the context otherwise requires, references to “NBG” and the “Bank” are to National Bank of Greece S.A. on a stand-alone basis and do not include the Bank’s consolidated subsidiaries. Similarly, unless the context otherwise requires, all references to the “NBG Group” or the “Group” are to NBG and its consolidated subsidiaries. All references in this Offering Circular to “we”, “us” or “our” are to the Group as a whole.

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DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated annual financial statements of the Bank (prepared in accordance with U.S. GAAP) and non-consolidated annual financial statements of the Bank (prepared in accordance with Greek GAAP) as of and for the years ended December 31, 2002 and 2001 shall be deemed to be incorporated in, and to form part of, this Offering Circular.

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, a copy of this Offering Circular (or any document incorporated by reference in this Offering Circular).

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalized terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Description of the Preferred Securities”.

- Issuer:** National Bank of Greece Funding Limited is incorporated in Jersey and is a subsidiary of the Bank (the “Issuer”).
- Guarantor:** National Bank of Greece S.A. (the “Bank”).
- Issue Size:** €350,000,000.
- Issue Details:** €350,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities each with a par value and a liquidation preference of €1,000.
- Preferred Dividends:** Preferred Dividends on the Preferred Securities will be declared by the Directors of the Issuer and paid by the Issuer out of funds legally available therefor, subject to certain limitations. (See “Limitations on Payments” below.)
- For each Preferred Dividend Period, Preferred Dividends on the Preferred Securities will be payable quarterly in arrear on January 11, April 11, July 11 and October 11 in each year (subject to adjustment) at a rate of Three Month EURIBOR plus the relevant Margin.
- The “Margin” is (i) for each Preferred Dividend Period during the period from and including the Closing Date to but excluding the First Call Date, 1.75 per cent. and (ii) for each Preferred Dividend Period commencing on or after the First Call Date, 2.75 per cent.
- Guarantee:** The Bank will guarantee payments on the Preferred Securities in respect of any declared but unpaid Preferred Dividends, payments on liquidation of the Issuer, payments on redemption of the Preferred Securities and any Additional Amounts (as defined below).
- The Bank’s obligations under the Guarantee will be subordinated so that they rank junior to all senior and subordinated indebtedness of the Bank, *pari passu* with the most senior preference shares and Parity Obligations, if any, of the Bank, and senior to the ordinary shares of the Bank.
- Limitations on Payments:** Subject to the Law and to the provisions relating to compulsory payments below, Preferred Dividends may be declared by the Directors, in their sole discretion, and paid by the Issuer out of funds legally available therefor.
- However, subject to the provisions relating to compulsory payments below, the Issuer will not be permitted to pay any Preferred Dividend on the Preferred Securities if such Preferred Dividend, together with the amount of:
- (a) any Preferred Dividends previously paid in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and
 - (b) any Preferred Dividends proposed to be paid in respect of the Preferred Securities and distributions proposed to be paid in respect of any Preferred Dividend Parity Obligations in the then current calendar quarter,
- is greater than Distributable Funds.
- For the avoidance of doubt, the Directors will not be required to declare, and the Issuer will not be required to pay, a Preferred Dividend if, in the then current financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any Subsidiary has

made certain other payments in respect of Junior Obligations or Preferred Dividend Parity Obligations, as set out in “Compulsory Payments” below.

In the event that the Issuer does not pay Preferred Dividends in respect of any Preferred Dividend Period, the Issuer shall notify the Luxembourg Stock Exchange and the holders in accordance with the provisions of Article 15.

References to Preferred Dividends include Additional Amounts.

Preferred Dividends

Non-cumulative:

If the Directors of the Issuer do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date by virtue of the limitations set out above (see “Limitation on Payments”), then, subject to the below (see “Compulsory Payments” and “Redemption”) and without affecting the rights of the holders of Preferred Securities under the Guarantee, the entitlement of the holders of Preferred Securities to such Preferred Dividend shall lapse. Accordingly, no payment will need to be made at any time by the Issuer or the Bank in respect of any such missed payment.

Compulsory Payments:

Payment on Junior Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Junior Obligations (other than in the form of shares or further or other Junior Obligations), then, subject to the Law, the Issuer will be required to pay Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

- (a) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of an annual period;
- (b) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of a semi-annual period; and
- (c) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligation is made in respect of a quarterly period.

Redemption of Junior Obligations

Subject to the Law, the Issuer will be required to make payment of the full amount of Preferred Dividends payable on each of the next four Preferred Dividend Payment Dates contemporaneous with or following any date on which the Bank or any Subsidiary of the Bank has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) unless such acquisition is effected in accordance with the provisions of Article 16 paragraphs 2(b) to (f) or paragraph 5 et seq. of Greek Codified Law 2190/1920 and does not result in a decrease of the Bank’s own funds for the purposes of Greek capital adequacy requirements.

Payment on Dividend Parity Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of shares or Junior Obligations), then the Issuer will be required to make pro rata payments of Preferred Dividends on the Preferred Securities on one or more Preferred Dividend

Payment Dates contemporaneous with or following such distribution, as follows:

- (a) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of an annual period;
- (b) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a semi-annual period; and
- (c) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

Aggregation of Preferred Dividends in Preferred Dividend Period

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of Article 4(a), 4(b) or 4(c) shall be aggregated on any Preferred Dividend Payment Date with any payments made or to be made by virtue of Article 3 in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividends.

All the compulsory Preferred Dividends described above will be guaranteed by the Bank under the Guarantee.

**Withholding Tax and
Additional Amounts:**

The Preferred Securities will contain a gross up provision in respect of imposition of Jersey or Greek withholding taxes. The Guarantee will contain a gross up provision in respect of imposition of Greek withholding taxes. Each gross up provision will be subject to customary exceptions.

Under the gross up provisions, subject to customary exceptions, the Issuer, or the Bank pursuant to the Guarantee, will pay to each holder of the Preferred Securities such additional amounts (“Additional Amounts”) as may be necessary in order that every net payment in respect of the Preferred Securities, after withholding for any taxes imposed by Jersey or Greece, as the case may be, upon or as a result of such payment, will not be less than the amount otherwise required to be paid.

The obligations of the Issuer and the Bank to pay any such Additional Amounts will be subject to limitations described in “Limitation on Payments” above.

Optional Redemption:

Subject to the Law, the Preferred Securities are redeemable at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, at €1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the

most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date, and any Additional Amounts.

Such optional redemption will be subject to the prior consent of the Bank and the Bank of Greece.

**Capital Disqualification
Redemption:**

If, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities may be redeemed, in whole but not in part, at the option of the Issuer on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the holders of the Preferred Securities.

In this circumstance the Preferred Securities may be redeemed at €1,000 per Preferred Security plus any Additional Amounts remaining unpaid plus the Premium (as defined in "Description of the Preferred Securities").

Any such redemption will be subject to the prior consent of the Bank and the Bank of Greece.

Redemption for Tax Reasons:

If, at any time falling prior to but excluding the First Call Date, as a result of a change in the laws or regulations of Jersey or Greece, the Issuer or the Bank is or would be required to pay Additional Amounts in respect of payments due on the Preferred Securities or under the Guarantee, then, subject to the Law, the Preferred Securities will be redeemable at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the holders of the Preferred Securities.

In this circumstance, the Preferred Securities may be redeemed at €1,000 per Preferred Security plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and any Additional Amounts remaining unpaid.

If, at any time falling prior to but excluding the First Call Date, the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and any associated transactions (including, but not limited to, any loan from the Issuer to the Bank or any other Subsidiary of the Bank), is or would be required to pay more than a de minimis amount of (i) Jersey Tax (other than in respect of Jersey source income) or (ii) Greek Tax, then the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the holders of the Preferred Securities.

In this circumstance, the Preferred Securities may be redeemed at €1,000 per Preferred Security plus any Additional Amounts remaining unpaid plus the Premium.

Any redemption for tax reasons will be subject to the prior consent of the Bank and the Bank of Greece.

Rights upon Liquidation:

In the event of any summary winding-up, voluntary liquidation or dissolution of the Issuer, holders of Preferred Securities will be entitled to receive the Liquidation Distribution per Preferred Security held out of assets available for distribution to shareholders.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution, if, at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to holders of

Preferred Securities and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank had the Preferred Securities and Liquidation Parity Obligations been issued by the Bank and ranked (i) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to the Guarantee), (ii) *pari passu* with the most senior preferred or preference shares or similar securities, if any, of the Bank and (iii) senior to all Junior Obligations.

In the event of liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of placing the Issuer in summary winding-up, and the amount to which holders of Preferred Securities shall be entitled as a Liquidation Distribution will be as described above.

The Bank has undertaken in the Guarantee that, so long as any of the Preferred Securities is outstanding, it will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer unless the Bank of Greece has given its prior approval or the Bank itself is in liquidation.

Voting Rights:

Generally holders of the Preferred Securities will not be entitled to vote at any general meeting of shareholders of the Issuer.

Holders of the Preferred Securities (together with the holders of any other preferred or preference shares of the Issuer having the right to vote for the election of Directors in such event) are entitled to elect two additional Directors of the Issuer's Board of Directors if, in respect of four consecutive Preferred Dividend Periods, Preferred Dividends on the Preferred Securities have not been paid in full, or if the Bank breaches its payment obligations under the Guarantee. Such Directors will vacate their office if Preferred Dividends are resumed by the Issuer, or payments by the Bank in respect thereof are made in full.

Form of the Preferred Securities:

The Preferred Securities will be represented on issue by a single global certificate in registered form, which will be registered in the name of Citivic Nominees Limited as nominee for, and will be deposited with, a common depositary for Euroclear and Clearstream, Luxembourg.

Governing Law:

The Preferred Securities will be governed by, and construed in accordance with, Jersey law.

The Guarantee of the Bank will be governed by, and construed in accordance with, English law, save that the provisions concerning the ranking of the Guarantee as described above will be governed by, and construed in accordance with, Greek law.

Use of Proceeds:

The net proceeds from the issue of the Preferred Securities will be used by the Bank and/or its consolidated Subsidiaries for general banking purposes.

Listing:

Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange.

Rating:

The Preferred Securities are expected to be rated "Baa1" by Moody's Investors Service Limited and "BBB-" by Standard & Poor's Rating Services, a division of the McGraw Hill Companies Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

INVESTMENT CONSIDERATIONS

Prospective investors should consider carefully the following information in conjunction with the other information contained in this Offering Circular before investing in the Preferred Securities.

Risks Associated with the Offering

Risks Associated with the Bank's Financial Condition

An investment in the Preferred Securities will have substantially the same economic risks as an investment in non-cumulative perpetual preference shares issued directly by the Bank having the same liquidation preference and rate of distribution as the Preferred Securities. The Preferred Securities are guaranteed on a limited and subordinated basis by the Bank pursuant to the terms of the Guarantee. Accordingly, if the Bank's financial condition were to deteriorate, the Issuer and the holders of the Preferred Securities may suffer direct and materially adverse consequences, including non-payment of Preferred Dividends on the Preferred Securities or of payments under the Guarantee.

Preferred Dividends not Cumulative

Preferred Dividends on the Preferred Securities are not cumulative. Subject to the provisions relating to compulsory payments as set out in "Description of the Preferred Securities", Preferred Dividends on the Preferred Securities will not be paid on each Preferred Dividend Payment Date if the Bank or the Issuer has insufficient Distributable Funds. If Preferred Dividends on the Preferred Securities for any Preferred Dividend Period are not paid, holders of the Preferred Securities will not be entitled to receive such Preferred Dividends (or any payment under the Guarantee in respect of such Preferred Dividends) whether or not sufficient funds are, or subsequently become, available.

Perpetual Nature of the Preferred Securities

The Preferred Securities have no fixed final redemption date and holders have no rights to require the redemption of the Preferred Securities. Although the Issuer may elect to redeem the Preferred Securities in certain circumstances (including at its option on the First Call Date or any Preferred Dividend Payment Date thereafter or following the occurrence of certain tax events or a Capital Disqualification Event (as set out in "Description of the Preferred Securities")), such election is discretionary and subject to certain limitations.

Any early redemption by the Issuer is subject to the prior consent of the Bank and the Bank of Greece. It is currently expected that such consent of the Bank of Greece will be given only in cases where, after such redemption of the Preferred Securities by the Issuer, (i) the total capital adequacy ratio of the Bank, on an unconsolidated and consolidated basis, remains above 8 per cent. and (ii) the ratio of "conventional" items of own funds (namely tier 1 capital excluding the Preferred Securities and similar instruments) to risk adjusted assets of the Bank remains above 4 per cent.

No Limitation on Future Debt

The Bank is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Guarantee.

Risks Associated with the Bank

Significant Differences Between Greek GAAP and U.S. GAAP

The financial statements of the National Bank of Greece Group which are included in this Offering Circular have been prepared in accordance with Greek GAAP. Greek GAAP and Greek accounting practices differ in certain respects from U.S. GAAP and that may be important to an investment decision in respect of the Preferred Securities. The Bank prepares separate financial statements in accordance with both U.S. GAAP and Greek GAAP each of which are included or incorporated by reference herein. See "*Principal Differences Between U.S. GAAP and Greek GAAP and Greek Accounting Practices*" and "*The Bank and the Group — Financial and Operating Review*" below.

The Hellenic Republic is the Bank's Principal Shareholder

The Hellenic Republic, directly and indirectly through certain state-related entities, owns shares representing approximately 33.1 per cent. of the issued share capital of the Bank, as at May 30, 2003. In the future, the

Hellenic Republic and these state-related entities are expected to own, directly or indirectly, up to 39.4 per cent. of the Bank's issued share capital, assuming the repurchase by the Hellenic Republic of an additional 16,016,749 shares from Hellenic Finance S.C.A. pursuant to a put option agreement. The holdings of the Hellenic Republic and the state-related entities referred to above are substantial and may allow the Hellenic Republic to have significant influence over decisions submitted to a vote of the Bank's shareholders, including the election of the Bank's governors and other members of the Board of Directors.

The Bank expects that it will be able to continue to follow its current, commercially oriented strategy for the foreseeable future. Legislation has been passed requiring the Governor of the Bank to be nominated directly by the Bank's Board of Directors, as opposed to being nominated by the Greek government, as was the case historically. However, if there is a change in the government of Greece, there can be no assurance that members of the Bank's current senior management will continue to serve in their present capacities or that the Bank's commercial initiatives and policies will be continued. Greek government elections are scheduled to take place not later than May 2004.

Regulation of the Greek Banking Industry is Changing

Regulation of the banking industry in Greece has changed in recent years pursuant to changes in Greek law, largely to comply with applicable EU directives. In addition, the Bank of Greece, the central bank of Greece, has introduced regulatory changes in the Greek banking sector. In January 1999, the Bank of Greece introduced new provisioning policies that require Greek banks to take specific provisions depending on the status and the type of a given loan and the number of days the loan has been in arrears. These provisioning policies were amended in January 2003 and will generally require, with effect from June 2003, Greek banks, including the Bank, to increase their provisions for capital adequacy purposes.

New regulatory changes may be imposed in the future, either as a result of regulatory initiatives in the European Union or by the Bank of Greece. For example, pursuant to the New Basle Capital Accord proposals, the Bank may be required to maintain higher levels of capital, which could further decrease its operational flexibility and may increase its financing costs. The New Basle Capital Accord is currently expected to be adopted by the Basle Committee during the course of 2003 and to become effective in the various countries that participate in the Basle Committee in 2006. If the Bank were required to take additional provisions or reserves pursuant to such regulatory changes, this could adversely affect its financial condition and results of operations, as could other regulatory changes.

The Bank Could Have Significant Pension Liabilities in the Future

In common with certain large employers in Greece that are, or were formerly, in the public sector, the Bank and certain of its subsidiaries operate employee pension funds rather than participate in standard, state-sponsored social security programs. Greece has experienced actuarial and operating (i.e., cashflow) deficits in many of its national pension schemes. The Bank makes significant employer contributions to its various employee pension schemes.

Legislation passed in 1992 provides that certain Greek companies, including the Bank, are not liable for the annual operating deficit of their company-specific main pension funds beyond the amount of 1992 deficits. The Bank's Main Pension Plan had an aggregate GRD 8.6 billion or €25.2 million deficit in 1992. As a result, under the 1992 legislation, the Bank will not be responsible for any future operating deficit over GRD 8.6 billion or €25.2 million per year with respect to its Main Pension Plan (after possible further readjustment on the basis of the consumer price index). In addition, the Bank and several of its subsidiaries offer certain other retirement benefits under various pension plans. Many of these plans could have an operating deficit in the future, although the Bank believes it has no current legal obligation to make up such deficits. Under the provisions of Greek law 3029/11.07.2002, the Hellenic Republic is required to undertake the obligation to fund the deficits of the plans that operate in the form of public law entities. However, there can be no assurance that further reforms will not be effected or that future changes to the law will not require the Bank or certain subsidiaries to make higher contributions or provide funds to cover current or future operating deficits of the various pension plans above existing limits.

DESCRIPTION OF THE PREFERRED SECURITIES

The following summary sets forth the terms and provisions of the Preferred Securities which have been extracted without material adjustment from the Issuer's Articles of Association. Copies of the Issuer's Articles of Association and other documents relating to the Preferred Securities are available as described under "General Information — Documents relating to the Preferred Securities" below.

1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context requires otherwise:

"Additional Amounts" means the additional amounts which may be payable in respect of the Preferred Securities as described in Article 11;

"Agency Agreement" means the agency agreement dated July 11, 2003 relating to the Preferred Securities between the Bank, the Issuer, the Principal Paying and Transfer Agent, the Registrar and the other agents named therein;

"Bank" means National Bank of Greece S.A. and its successors and assigns;

"Business Day" means any day on which commercial and foreign exchange markets settle payments in London, Athens and Jersey and on which the TARGET System, or any successor thereto, is operating;

"Capital Disqualification Event" means a change in any applicable law or regulation (including the provisions of Circular 17/2002 of the Bank of Greece on tier 1 instruments), or in the official interpretation or application thereof, as a result of which for the purposes of capital adequacy requirements applicable to banks in Greece, at that time an amount equal to, and in respect of, the aggregate liquidation preference of the Preferred Securities outstanding (being €1,000 per Preferred Security) will not be included in the tier 1 capital of the Bank on a consolidated basis;

"Clearstream, Luxembourg" means Clearstream Banking, *société anonyme* or its successor;

"Closing Date" means July 11, 2003;

"Common Depositary" means Citibank, N.A. as common depositary for Euroclear and Clearstream, Luxembourg;

"Distributable Funds" means the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit for such financial year and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece; but before deduction of the amount of any dividend or other distribution declared on the Bank's ordinary share capital in respect of such financial year;

"Dividends" means the Preferred Dividends and the Ordinary Dividends or either of them;

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

"First Call Date" means July 11, 2013;

"Greek Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Greece or any political sub-division thereof or by any authority therein or thereof having power to tax;

"Group" means the Bank together with its Subsidiaries;

"Guarantee" means the subordinated guarantee in favour of the holders of the Preferred Securities to be executed by the Bank on July 11, 2003 as a deed poll;

"Holder" means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as the holder of such Preferred Security and in relation to any Ordinary Security the member of the Issuer whose name is entered in the ordinary register as the holder of such Ordinary Security;

"Issuer" means National Bank of Greece Funding Limited, a company incorporated under the laws of Jersey;

"Jersey Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Jersey or any political sub-division thereof or by any authority therein or thereof having power to tax;

“Junior Obligations” means (i) ordinary shares of the Bank, (ii) each class of preferred or preference shares or similar securities of the Bank that ranks junior to the most senior ranking preferred or preference shares or similar securities of the Bank and (iii) any preference share or preferred security or similar security of a Subsidiary or the Issuer (other than the Preferred Securities) entitled to the benefit of a guarantee or support agreement or similar undertaking of the Bank that ranks junior to the Guarantee, or any such guarantees, support agreements or similar undertakings of the Bank;

“Law” means the Companies (Jersey) Law, 1991;

“Liquidation Distribution” means the Liquidation Preference plus (i) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (ii) any Additional Amounts, in each case payable in cash only;

“Liquidation Parity Obligations” means the most senior preferred or preference shares or similar securities of the Bank and any guarantee, support agreement or other contractual undertaking (ranking *pari passu* with the Guarantee as regards participation in the assets of the Bank) of any preferred or preference shares or similar securities of Subsidiaries;

“Liquidation Preference” means the liquidation preference of €1,000 per Preferred Security;

“Margin” has the meaning set out in Article 2(b);

“Ordinary Dividends” means the dividends in respect of the Ordinary Securities;

“Ordinary Securities” means the ordinary shares of the Issuer;

“Parity Obligations” means Liquidation Parity Obligations and Preferred Dividend Parity Obligations;

“Paying and Transfer Agents” means each of the Principal Paying and Transfer Agent and Dexia Banque Internationale à Luxembourg and/or any other entity appointed as paying and transfer agent by the Issuer and notified to the holders of the Preferred Securities;

“Preferred Dividends” means the non-cumulative dividends in respect of the Preferred Securities as described under Article 2;

“Preferred Dividend Parity Obligations” means the most senior preferred or preference shares or similar securities qualifying as tier 1 capital of the Bank and all preferred or preference shares or similar securities of Subsidiaries or of the Issuer (other than the Preferred Securities) qualifying as tier 1 capital of the Bank on a consolidated basis and entitled to the benefit of any guarantee, support agreement or similar undertaking of the Bank ranking *pari passu* with the Guarantee as regards entitlement to distributions thereunder, or all such guarantees, support agreements or contractual undertakings;

“Preferred Dividend Payment Date” means each date on which a Preferred Dividend is payable in accordance with the provisions of Article 2(a);

“Preferred Dividend Period” means the period from and including the Closing Date to but excluding the first Preferred Dividend Payment Date and each successive period from and including a Preferred Dividend Payment Date to but excluding the next succeeding Preferred Dividend Payment Date;

“Preferred Dividend Floating Rate” has the meaning set out in Article 2(b);

“Preferred Securities” means the €350,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a Liquidation Preference of €1,000, and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities then in issue;

“Premium” has the meaning set out in Article 5(e);

“Principal Paying and Transfer Agent” means Citibank, N.A. or such other entity appointed by the Issuer and notified to the holders of the Preferred Securities;

“Redemption Date” means the date on which the Preferred Securities are redeemed by the Issuer;

“Redemption Price” means €1,000 per Preferred Security;

“Reference Banks” means any four major banks in the euro-zone interbank market selected by agreement between the Principal Paying and Transfer Agent and the Bank;

“Registrar” means Citibank AG or such other entity appointed by the Issuer and notified to the holders of the Preferred Securities;

“Register” means the register of holders of Preferred Securities;

“Relevant Screen Page” means Moneyline Telerate Screen Page 248 or such replacement page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to Three Month EURIBOR;

“Subsidiary” means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank, or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank;

“TARGET Settlement Day” means any day on which the TARGET System, or any successor thereto, is operating;

“TARGET System” means the Trans-European Automated Real-time Gross settlement Express Transfer system; and

“Three Month EURIBOR” has the meaning set out in Article 2(b).

2. Preferred Dividends on Preferred Securities

(a) Preferred Dividend Payment Dates

Preferred Dividends on the Preferred Securities are non-cumulative and will be deemed to accrue on a day by day basis whether or not declared. Subject to the Law, the Preferred Dividends will be payable quarterly in arrear on January 11, April 11, July 11 and October 11 in each year, commencing on October 11, 2003, provided that if any such date would otherwise fall on a day which is not a Business Day, payment shall be postponed to the next day that is a Business Day unless it would then fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day.

(b) Preferred Dividend Floating Rate

In relation to any Preferred Dividend Period, the rate of Preferred Dividend shall be the sum (as determined by the Principal Paying and Transfer Agent) of Three Month EURIBOR and the relevant Margin (the “Preferred Dividend Floating Rate”).

For the purpose of calculating the Preferred Dividend Floating Rate:

“Margin” means (i) for each Preferred Dividend Period during the period from and including the Closing Date to but excluding the First Call Date, 1.75 per cent. and (ii) for each Preferred Dividend Period commencing on or after the First Call Date, 2.75 per cent.; and

“Three Month EURIBOR” means the rate for deposits in euro for a period of three months which appears on the Relevant Screen Page as of 11.00 a.m., Brussels time (or such other time as may be customary for the daily reset of such rate) on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period.

If such rate does not appear on the Relevant Screen Page on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period, then Three Month EURIBOR for the relevant Preferred Dividend Period will be determined on the basis of the rates at which deposits in euro are offered by the Reference Banks at approximately 11.00 a.m., Brussels time, on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period to prime banks in the euro-zone interbank market for a period of three months commencing on the first day of the relevant Preferred Dividend Period and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Principal Paying and Transfer Agent shall request the principal euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate shall be the arithmetic mean of such quotations.

If fewer than two quotations are provided as requested, Three Month EURIBOR in respect of such Preferred Dividend Period shall be the arithmetic mean of the rates quoted by major banks in the euro-zone selected by the Principal Paying and Transfer Agent, at approximately 11.00 a.m., Brussels time, on the day that is two TARGET Settlement Days preceding the first day of the relevant Preferred Dividend Period for loans in

euro to leading banks in the euro-zone for a period of three months commencing on the first day of such Preferred Dividend Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, except that, if the banks so selected by the Principal Paying and Transfer Agent are not quoting as mentioned above, Three Month EURIBOR for such Preferred Dividend Period shall be the Three Month EURIBOR rate in effect for the last preceding Preferred Dividend Period to which one of the preceding paragraphs of this definition of Three Month EURIBOR shall have applied.

The amount of any Preferred Dividend shall be calculated by multiplying the applicable Preferred Dividend Floating Rate by the Liquidation Preference and the actual number of days in the relevant Preferred Dividend Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

The Principal Paying and Transfer Agent shall, upon the determination of each Preferred Dividend Floating Rate, calculate the Preferred Dividend payable on the relevant Preferred Dividend Payment Date on each Preferred Security for the relevant Preferred Dividend Period. The Principal Paying and Transfer Agent shall cause the relevant Preferred Dividend Floating Rate, the relevant Preferred Dividend Payment Date and each Preferred Dividend payable in respect of the relevant Preferred Dividend Period to be notified to the Issuer, the Bank, the Luxembourg Stock Exchange and the holders (in accordance with the provisions of Article 15) as soon as possible after their determination but in any event not later than the second Business Day thereafter.

3. Limitations on Payments of Preferred Dividends on Preferred Securities

- (a) Subject to the Law and to the provisions of Article 4, Preferred Dividends on the Preferred Securities may be declared by the Directors, in their sole discretion, and paid by the Issuer out of funds legally available therefor.

However, subject to the provisions of Article 4, the Directors will not be required to declare, and the Issuer will not be permitted to pay, any Preferred Dividend if such Preferred Dividend, together with the amount of:

- (i) any Preferred Dividends previously paid by the Issuer in respect of the Preferred Securities and distributions previously paid in respect of Preferred Dividend Parity Obligations in the then current financial year; and
- (ii) any Preferred Dividends proposed to be paid in respect of the Preferred Securities and distributions proposed to be paid in respect of Preferred Dividend Parity Obligations in the then current calendar quarter;

would exceed Distributable Funds.

For the avoidance of doubt, the Directors will not be required to declare, and the Issuer will not be required to pay, a Preferred Dividend if, in the then current financial year, the Bank has not paid any dividend to the holders of its ordinary shares and neither the Bank nor any Subsidiary has made certain other payments in respect of Junior Obligations or Preferred Dividend Parity Obligations as set out in Article 4.

In the event that the Issuer does not pay Preferred Dividends in respect of any Preferred Dividend Period, the Issuer shall notify the Luxembourg Stock Exchange and the holders in accordance with the provisions of Article 15.

- (b) References to Preferred Dividends in this Article include Additional Amounts.
- (c) Preferred Dividends non-cumulative

If the Directors of the Issuer do not declare a Preferred Dividend payable on a Preferred Dividend Payment Date in respect of the Preferred Securities, then, subject to Articles 4 and 5 and without affecting the rights of the holders of the Preferred Securities under the Guarantee, the right of holders of the Preferred Securities to receive such Preferred Dividend will be lost. The Issuer will have no obligation to pay the Preferred Dividend accrued for such Preferred Dividend Period or to pay any interest thereon, whether or not Preferred Dividends on the Preferred Securities are declared in respect of any future Preferred Dividend Period.

4. Compulsory Payment of Preferred Dividends on Preferred Securities

(a) Compulsory payment as a result of payment on Junior Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank makes any distribution on or in respect of any class of Junior Obligations (other than in the form of shares or further or other Junior Obligations), then, subject to the Law, the Issuer will be required to pay Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

- (i) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of an annual period;
- (ii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Junior Obligation is made in respect of a semi-annual period; and
- (iii) payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Junior Obligation is made in respect of a quarterly period.

(b) Compulsory payment as a result of redemption of Junior Obligations

Subject to the Law, the Issuer will be required to make payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates contemporaneous with or following any date on which the Bank or any Subsidiary of the Bank has redeemed, repurchased or otherwise acquired any Junior Obligations for any consideration (or any moneys are paid to or made available for a sinking fund for, or for redemption of, any such securities) unless such acquisition is effected in accordance with the provisions of Article 16 paragraphs 2(b) to (f) or paragraph 5 et seq. of Greek Codified Law 2190/1920 and does not result in a decrease of the Bank's own funds for the purposes of Greek capital adequacy requirements.

(c) Compulsory payment as a result of payment on Preferred Dividend Parity Obligations

If the Bank, the Issuer or any other Subsidiary of the Bank pays any distribution on or in respect of any class of Preferred Dividend Parity Obligations (other than in the form of shares or Junior Obligations), then, subject to the Law, the Issuer will be required to make *pro rata* payments of Preferred Dividends on the Preferred Securities on one or more Preferred Dividend Payment Dates contemporaneous with or following such distribution, as follows:

- (i) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next four Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of an annual period;
- (ii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on each of the next two Preferred Dividend Payment Dates if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a semi-annual period; and
- (iii) *pro rata* payment of the full amount of the Preferred Dividend payable on the Preferred Securities on the next Preferred Dividend Payment Date if the distribution on the Preferred Dividend Parity Obligation is paid in respect of a quarterly period.

When a distribution on Preferred Dividend Parity Obligations requires *pro rata* payment of Preferred Dividends as described above, the amount of the required payment will be in the same proportion to the aggregate specified amount of Preferred Dividends payable on the Preferred Securities as the aggregate payment that was made on such Preferred Dividend Parity Obligations bears to the amount that was payable on such Preferred Dividend Parity Obligations at the time of such payment.

(d) Aggregation of Preferred Dividends in Preferred Dividend Period

Subject to the Law, compulsory payments of Preferred Dividends to be made by virtue of paragraphs (a), (b) or (c) above shall be aggregated on any Preferred Dividend Payment Date with any periodic payments made or to be made in respect of any relevant Preferred Dividend Period, provided that in any relevant Preferred Dividend Period the aggregate amount paid in respect of Preferred Dividends on the Preferred Securities shall not exceed the scheduled amount of the Preferred Dividend.

Save as described in this Article and in Article 5, after payment of the Preferred Dividend, the holders of the Preferred Securities will have no further right to participate in the profits of the Issuer in respect of the relevant Preferred Dividend Period.

5. Redemption of Preferred Securities

(a) Optional redemption

Subject to the Law and article 5(d) below, the Preferred Securities are redeemable, at the option of the Issuer, in whole but not in part, on the First Call Date and on any Preferred Dividend Payment Date falling thereafter, upon not less than 30 nor more than 60 days' notice to the holders of the Preferred Securities in accordance with Article 15 (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus (i) accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and (ii) any Additional Amounts remaining unpaid.

(b) Redemption for tax reasons

If, at any time falling prior to but excluding the First Call Date, as a result of any amendment to or change in the laws or regulations of Jersey or Greece or any political sub-division thereof or any authority or agency therein or thereof having power to tax or any change in the application of or official interpretation or administration of any such laws or regulations, which amendment or change becomes effective on or after July 9, 2003, the Issuer is required to pay Additional Amounts, or the Bank would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay additional amounts under the Guarantee, then, subject to the Law and article 5(d) below, the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the holders of the Preferred Securities (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus accrued and unpaid Preferred Dividends in respect of the most recent Preferred Dividend Period, whether or not declared, up to the Redemption Date and any Additional Amounts remaining unpaid.

If, at any time falling prior to but excluding the First Call Date, the Issuer or the Bank, in relation to the Preferred Securities, the Guarantee and any associated transactions (including, but not limited to, any loan from the Issuer to the Bank or any other Subsidiary of the Bank), is or would be required to pay more than a *de minimis* amount of (i) Jersey Tax, other than in respect of Jersey source income, or (ii) Greek Tax, then the Preferred Securities will be redeemable, at the option of the Issuer, in whole but not in part, on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the holders of the Preferred Securities in accordance with Article 15 (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus any Additional Amounts remaining unpaid plus the Premium.

(c) Redemption for Capital Disqualification Event

If, at any time falling prior to but excluding the First Call Date, a Capital Disqualification Event has occurred and is continuing, the Preferred Securities may, subject to article 5(d) below, be redeemed, in whole but not in part, at the option of the Issuer on the next Preferred Dividend Payment Date, upon not less than 30 or more than 60 days' notice to the holders of the Preferred Securities in accordance with Article 15 (which notice shall be irrevocable). Upon the expiry of such notice, the Issuer shall be bound to redeem the Preferred Securities accordingly. Upon the Redemption Date, each Preferred Security will be redeemed at the Redemption Price plus any Additional Amounts remaining unpaid plus the Premium.

(d) Precondition to redemption

Any redemption under Article 5(a), (b) or (c) will be subject to the prior consent of the Bank and the Bank of Greece.

The notice to the holders of the Preferred Securities under Article 5(a), (b) or (c) will specify the Redemption Date and the Redemption Price.

(e) Calculation of Premium

For the purposes of paragraphs (b) and (c) above:

“Premium” means, in respect of each Preferred Security, the amount, as determined by the Calculation Agent, equal to the present value of the Liquidation Preference multiplied by 1.75 per cent. per annum from the date on which the Preferred Security is to be redeemed to the First Call Date. The present value calculated above shall be calculated by discounting the relevant amounts to the date when the Preferred Security is to be redeemed on an annual basis at the Adjusted Yield.

For the purpose of determining the Premium:

“Adjusted Yield” means the Interpolated Swap Rate, plus 0.50 per cent.;

“Calculation Agent” means an investment bank of international standing selected by the Issuer;

“Calculation Date” means the third Business Day prior to the date when the Preferred Securities are to be redeemed;

“Interpolated Swap Rate” means a rate determined by the Calculation Agent through the use of straight-line interpolation by reference to two Swap Rates, one of which shall be determined as if the Designated Maturity were the whole number of unexpired Preferred Dividend Periods to the First Call Date (but excluding the Preferred Dividend Period in which the calculation is to be made) and the other of which shall be determined as if the Designated Maturity were the whole number of unexpired Preferred Dividend Periods to the First Call Date (including the Preferred Dividend Period in which the calculation is made); and

“Swap Rate” means a rate equal to the Floating Rate (as defined in the 2000 ISDA Definitions as amended, published by the International Swaps and Derivatives Association, Inc) that would be determined by the Calculation Agent (as defined in the 2000 ISDA Definitions) under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, and under which:

- (a) the Floating Rate Option (as defined in the 2000 ISDA Definitions) is “EUR-ISDA-EURIBOR Swap Rate-11:00”;
- (b) the Designated Maturity (as defined in the 2000 ISDA Definitions) in respect of a Swap Rate is as set out in the definitions of “Adjusted Yield” or “Interpolated Swap Rate” as applicable; and
- (c) the Reset Date (as defined in the 2000 ISDA Definitions) is the Calculation Date.

6. Payments

Preferred Dividends declared on the Preferred Securities will be payable on the relevant Preferred Dividend Payment Date (or where any Preferred Dividend Payment Date is not a Business Day on the next Business Day without interest in respect of such delay unless it would then fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day) by the Issuer to the holders of record as they appear on the Register on the relevant record date, which will be five days prior to the relevant Preferred Dividend Payment Date.

Whilst the Preferred Securities are represented by a global certificate, payments in respect of the Preferred Securities will be made to or as directed by the Common Depositary as the registered holder of the global certificate representing the Preferred Securities. Payments made to the Common Depositary shall be made by wire transfer, and Euroclear or Clearstream, Luxembourg, as applicable, will credit the relevant accounts of their participants on the applicable Preferred Dividend Payment Dates or Redemption Dates.

If definitive Preferred Securities are issued, payments of Preferred Dividends on Preferred Securities held in definitive form will be made at the office of the agent of the Issuer maintained for such purpose, which initially will be the office of Citibank, N.A. as Principal Paying and Transfer Agent in London, Dexia Banque Internationale à Luxembourg S.A. as Paying and Transfer Agent in Luxembourg or, at the option of the holder and subject to any fiscal or other laws and regulations applicable thereto, at the office of any other Paying and Transfer Agent (if any) appointed by the Issuer. Subject to any applicable fiscal or other laws and regulations, each payment on definitive Preferred Securities may, at the Issuer’s option, be made by euro check drawn on a bank in a principal financial center in the United States and mailed to the holder of record at such holder’s address as it appears on the Register on the relevant record date or by wire transfer if the Issuer (or its agent) so

agrees with such holder and if appropriate wire transfer instructions have been received by the Principal Paying and Transfer Agent not less than 30 days prior to the date of any such payments.

If the Issuer does not pay a Preferred Dividend, a holder's right to receive payment of such Preferred Dividend will be satisfied if and to the extent that the Bank pays such Preferred Dividend pursuant to the Guarantee.

If the Issuer gives a notice of redemption in respect of the Preferred Securities, then, by 10.00 a.m., Brussels time, on the Redemption Date, the Issuer will irrevocably deposit with the Principal Paying and Transfer Agent funds sufficient to pay the Redemption Price and will give the Principal Paying and Transfer Agent irrevocable instructions and authority to pay the Redemption Price to the holders of the Preferred Securities. If notice of redemption shall have been given and funds deposited as required, then, upon the date of such deposit, all rights of holders of the Preferred Securities will be extinguished, except the right of the holders of Preferred Securities to receive the Redemption Price in respect of each Preferred Security, but without interest, and the Preferred Securities will cease to be outstanding.

In the event that payment of the Redemption Price in respect of any Preferred Security is improperly withheld or refused and not paid either by the Issuer or by the Bank pursuant to the Guarantee, Preferred Dividends on such Preferred Security, subject as described above, will continue to accrue, at the then applicable rate, from the Redemption Date to the date of actual payment of such Redemption Price.

7. Purchase of Preferred Securities

Subject to the foregoing and to applicable law (including, without limitation, Greek, Jersey and Luxembourg securities and banking laws and regulations), and to the requirements of the rules of the Luxembourg Stock Exchange, the Issuer or the Bank or any of the Bank's other Subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement. If purchases are made by tender, the tender must be available to all holders of Preferred Securities alike.

Any such purchase to be made by the Issuer or by the Bank or by any of the Bank's other Subsidiaries shall be subject to the prior consent of the Bank of Greece. Any purchase to be made by the Issuer shall be made in such manner and in such terms as the Issuer shall approve in general meeting.

The restrictions contained in this Article 7 shall not apply to any purchase of Preferred Securities where such purchase is made (i) in the ordinary course of a business of dealing in securities and (ii) for the account of a person other than the Issuer, the Bank or any of the Bank's other Subsidiaries.

8. Liquidation Distributions

In the event of any summary winding-up, voluntary liquidation or dissolution of the Issuer, the holders of the Preferred Securities at the time outstanding will be entitled to receive the Liquidation Distribution in respect of each Preferred Security held out of the assets of the Issuer available for distribution to shareholders.

Such entitlement will arise before any distribution of assets is made to holders of Ordinary Securities or any other class of shares of the Issuer ranking junior as regards participation in assets to the Preferred Securities, but such entitlement will rank equally with the entitlement of the holders of any other preferred securities or preference shares or similar securities, if any, of the Issuer ranking *pari passu* with the Preferred Securities as regards participation in assets of the Issuer.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the holders of the Preferred Securities, if, at the time such Liquidation Distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Bank, the Liquidation Distribution per Preferred Security paid to holders of the Preferred Securities and the liquidation distribution paid to the holders of Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with the Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to the Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (x) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to the Guarantee), (y) *pari passu* with the most senior preferred securities or preference shares or similar securities, if any, of the Bank and (z) senior to all Junior Obligations.

If the Liquidation Distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described above, such amounts will be payable *pro rata* in the proportion that the amount

available for payment bears to the full amount that would have been payable but for such limitation. After payment of the Liquidation Distribution, as adjusted if applicable, the holders of the Preferred Securities will have no right or claim to any of the remaining assets of the Issuer or the Bank.

In the event of the liquidation, dissolution or winding-up of the Bank, the Directors of the Issuer shall convene an extraordinary general meeting of the Issuer for the purpose of proposing a Special Resolution to put the Issuer into summary winding-up and the amount to which holders of the Preferred Securities shall be entitled as a Liquidating Distribution will be as set out above.

9. Voting Rights

Except as provided in this Article, holders of Preferred Securities will not be entitled to receive notice of or attend or vote at any general meeting of shareholders of the Issuer.

If in respect of four consecutive Preferred Dividend Periods:

- (a) Preferred Dividends (whether or not declared) or any Additional Amounts in respect of such Dividends on the Preferred Securities have not been paid in full by the Issuer in accordance with the terms and provisions of the Preferred Securities; or
- (b) the Bank breaches any of its payment obligations under the Guarantee in respect of such Preferred

Dividends or Additional Amounts, then the holders of outstanding Preferred Securities together with the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in such event, acting as a single class without regard to series, will be entitled, by written notice to the Issuer given by the holders of a majority in liquidation preference of such shares or securities or by ordinary resolution passed by the holders of a majority in liquidation preference of such shares or securities present in person or by proxy at a separate general meeting of such holders convened for the purpose, to appoint two additional persons to act as Directors of the Issuer, and to remove any such Director from office and to appoint another person in place of such Director.

Not later than 30 days after such entitlement arises, if the written notice of the holders of outstanding Preferred Securities and the holders of any other preferred securities or preference shares of the Issuer having the right to vote for the election of Directors in the circumstances described in the preceding sentence has not been given as provided for in the preceding sentence, the Directors of the Issuer will convene a separate general meeting for the above purpose. If the Directors fail to convene such meeting within such 30 day period, the holders of not less than 10 per cent. by liquidation preference of the outstanding Preferred Securities and such other preferred securities or preference shares will be entitled to convene such meeting. The provisions of the Articles concerning the convening and conduct of general meetings of shareholders shall apply with respect to such meeting. Subject to the terms of such other preferred securities or preference shares, if, in respect of four consecutive Preferred Dividend Periods, Preferred Dividends and any Additional Amounts in respect of such Dividends have been paid in full on the Preferred Securities by the Issuer and/or the Bank has made payment of all amounts guaranteed in respect of such Preferred Dividends (whether or not declared) and any Additional Amounts, any Director so appointed shall vacate the office.

Any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Articles or otherwise (including, without limitation, the authorization or issuance of any shares of the Issuer ranking, as to participation in the profits or assets of the Issuer, senior to the Preferred Securities) shall not be effective (unless otherwise required by applicable law) except with the consent in writing of the holders of not less than two-thirds in nominal value of the outstanding Preferred Securities or with the sanction of a resolution, passed by a majority of not less than two-thirds in nominal value of the holders of the outstanding Preferred Securities, present or represented at a separate meeting at which the quorum shall be holders present or represented holding at least one-third in nominal value of the outstanding Preferred Securities.

No such sanction shall be required if, as determined by the Directors, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity, provided that any such change does not reduce the amounts payable to or impose any obligation on the holders of the Preferred Securities or adversely affect their voting rights or cause any modification of the terms of the Preferred Securities pursuant to Article 10.

Notwithstanding the foregoing, no vote of the holders of the Preferred Securities will be required for the Issuer to redeem the Preferred Securities in accordance with the Issuer's Articles.

In addition to the voting rights referred to above, no resolution may be proposed for adoption by the holders of the Ordinary Securities providing for the winding-up, liquidation or dissolution of the Issuer, unless the

holders of a simple majority by nominal value of the outstanding Preferred Securities and holders of any other preferred securities or preference shares ranking *pari passu* as regards participation in profits or assets with the Preferred Securities have approved such resolution. Such approval may only be given by the consent in writing of the holders of at least a simple majority in nominal value of the outstanding Preferred Securities and such other preferred securities or preference shares or with the sanction of a resolution passed by not less than a simple majority in nominal value at a meeting of the holders of the Preferred Securities and such other preferred securities or preference shares present and voting at such meeting. Such approval shall not be required if the winding-up, liquidation or dissolution of the Issuer is proposed or initiated because of the winding-up, liquidation or dissolution of the Bank.

Notwithstanding that holders of Preferred Securities are entitled to vote under any of the limited circumstances described above, any Preferred Security outstanding at such time that is owned by the Bank, or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or similar ownership interests, shall not carry a right to vote and shall, for voting purposes, be treated as if it were not outstanding.

The Issuer will cause a notice of any meeting at which holders of the Preferred Securities are entitled to vote (i) to be mailed to each holder of a Preferred Security and (ii) to be published in a daily newspaper in Luxembourg. Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which such holders are entitled to vote and (c) instructions for the delivery of proxies.

10. Further Issues

Notwithstanding Article 9, provided that the most recent Preferred Dividend payable on the Preferred Securities has been paid in full by the Issuer (or the Bank pursuant to the Guarantee), the holders of Ordinary Securities or the Directors of the Issuer may, without the consent or sanction of the holders of the Preferred Securities, take such action as is required in order to amend the Issuer's Articles:

- (a) to increase the authorized amount of Preferred Securities or to create and issue one or more other series of preferred securities or preference shares of the Issuer ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer; or
- (b) to authorize, create and issue one or more other classes of shares of the Issuer ranking junior, as regards participation in the profits and assets of the Issuer, to the Preferred Securities.

Thereafter, the Issuer may, provided that the circumstances for non-payment of Preferred Dividends under Article 3(a) are not subsisting, without the consent of the holders of the Preferred Securities issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Preferred Dividends on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities then in issue or upon such other terms as aforesaid.

Notwithstanding the foregoing, the Issuer may only issue further Preferred Securities if, at the same time, the Bank issues in respect of the further Preferred Securities a guarantee having terms and conditions that are substantially identical to the Guarantee (or extends the Guarantee to cover the further Preferred Securities).

11. Additional Amounts

All payments in respect of the Preferred Securities by the Issuer will be made without withholding or deduction for, or on account of, any Jersey Tax or Greek Tax, unless the withholding or deduction of such Jersey Tax or Greek Tax is required by law. In that event, the Issuer will pay as further dividends such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by the holders of Preferred Securities after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a holder of Preferred Securities (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Jersey Tax or Greek Tax is imposed or levied by virtue of such holder (or the beneficial owner of such Preferred Security) having some connection with Jersey or Greece, other than being a holder (or beneficial owner) of such Preferred Security or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) who would not be liable or subject to such withholding or deduction if it were to comply with a

statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so or (iv) who would have been exempted from such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, and except that the Issuer's obligations to make any such payments are subject to the limitations on payments provisions under Article 3.

12. Prescription

Any moneys paid by the Issuer to the Principal Paying and Transfer Agent for the payment of Preferred Dividends or on a redemption of the Preferred Securities and remaining unclaimed at the end of two years following the date on which such Preferred Dividends or redemption proceeds become payable shall be returned to the Issuer at the Issuer's request, and the holders of the Preferred Securities shall thereafter look only to the Issuer for the payment thereof and all liability of the Principal Paying and Transfer Agent with respect to such moneys shall thereafter cease.

13. Form, Registration and Transfer of Preferred Securities

The Preferred Securities will be in registered form and evidenced by a global certificate deposited with, and registered in the name of, the Common Depositary or its nominee. Except as set forth below, no definitive Preferred Securities will be issued.

Beneficial interests in the Preferred Securities will be shown only on, and transfers thereof will be effected only through, book-entry records maintained by Euroclear and Clearstream, Luxembourg and their respective participants and, except in the limited circumstances described below, Preferred Securities in certificated form will not be issued. Holders of beneficial interests in the global certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg and (if applicable) their respective participants to exercise any rights of a holder of Preferred Securities under the global certificate. None of the Bank, the Issuer, any Paying and Transfer Agent or the Registrar for the Preferred Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the global certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The global certificate will cease to represent the Preferred Securities, and Preferred Securities in definitive registered form in aggregate Liquidation Preference equal to the Liquidation Preference of the global certificate will be exchangeable therefor, only if (i) either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Euroclear and Clearstream, Luxembourg; or (ii) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Euroclear and/or Clearstream, Luxembourg. Such definitive Preferred Securities will be in denominations of €1,000 (and integral multiples thereof) and will be registered in such names as Euroclear and Clearstream, Luxembourg shall direct (such instructions being expected to be based upon directions received by Euroclear and Clearstream, Luxembourg from their participants with respect to ownership of beneficial interests in the Preferred Securities), and the Liquidation Preference and Preferred Dividends with respect thereto will be payable, and the transfer thereof will be registrable, at the offices described below. In addition, in all cases where any Preferred Securities are issued in definitive registered form, the record dates for payment of Preferred Dividends will be 15 days prior to the relevant Preferred Dividend Payment Date (whether or not such date is a Business Day). Except as set forth in this paragraph, no definitive Preferred Securities will be issued.

If definitive Preferred Securities are issued, they may be exchanged or transferred in whole or in part by surrendering such definitive Preferred Securities at the office of the Registrar or any Paying and Transfer Agent with a written instrument of transfer (which may be obtained at any such office) duly executed by the holder thereof or its attorney duly authorized in writing. In exchange for any definitive Preferred Security properly presented for transfer, the Registrar or such Paying and Transfer Agent will promptly authenticate and deliver or cause to be authenticated or delivered at the office of the Registrar or such Paying and Transfer Agent, to the holder entitled to such Preferred Security, or send by mail (at the risk of such holder) to such address as such holder may request, a definitive Preferred Security or Preferred Securities.

Registration of transfers of Preferred Securities will be effected without charge by or on behalf of the Issuer, but only upon payment by the transferor of any tax or other governmental charges that may be imposed in connection with any transfer or exchange. The Issuer will not be required to register or cause to be registered the transfer of Preferred Securities after such Preferred Securities have been called for redemption. For so long as any

Preferred Securities are outstanding, the Issuer will appoint and maintain a Preferred Securities Registrar having its office outside the UK.

14. Paying and Transfer Agents

The Principal Paying and Transfer Agent shall be permitted to resign as Principal Paying and Transfer Agent upon 30 days' written notice to the Issuer. In the event that Citibank, N.A. shall no longer be the Principal Paying and Transfer Agent, the Issuer shall appoint a successor (which shall be a bank or trust company acceptable to the Issuer) to act as Principal Paying and Transfer Agent. For so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, the Issuer will maintain a Paying and Transfer Agent in Luxembourg and will give notice in the manner described under "Notices" below (see Article 15) when any new paying and transfer agent in Luxembourg is appointed. For so long as any Preferred Securities are outstanding, the Issuer will maintain a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained whether by the Reference Banks (or any of them), the Principal Paying and Transfer Agent or the Calculation Agent will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Principal Paying and Transfer Agent, the Calculation Agent, the Registrar and all holders of the Preferred Securities and (in the absence of any such willful default, bad faith or manifest error) no liability to the Issuer, the Registrar or the holders of the Preferred Securities shall attach to the Reference Banks, the Principal Paying and Transfer Agent or the Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretion.

15. Notices

Any Notice to holders of the Preferred Securities will be given to them at their addresses set forth in the Preferred Securities Register. In addition, for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, all notices to holders of Preferred Securities will also be published in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions whether or not it shall be published in Saturday, Sunday or holiday editions. Such notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication.

OTHER PROVISIONS OF THE ISSUER'S ARTICLES

In addition, the Articles of Association of the Issuer contain, *inter alia*, provisions (with the exception of sections in italics) to the following effect:

(a) Ordinary Securities

All the Issuer's Ordinary Securities are owned by the Bank. In any year, subject to Jersey law, the Issuer may, without the consent of the holders of the Preferred Securities, declare and pay dividends on the Ordinary Securities to the Bank as the holder of the Ordinary Securities. Such dividends will be paid out of the Issuer's funds, if any, available after payment of the Dividends on the Preferred Securities if and as due in accordance with the terms and conditions of the Preferred Securities. No dividend has been paid on the Ordinary Securities of the Issuer since its incorporation.

(b) Prescription

Any Dividend or redemption amount unclaimed for a period of ten years from its date of declaration shall be forfeited and shall cease to be owing by the Issuer. The Preferred Securities are governed by, and shall be construed in accordance with, Jersey law.

SUMMARY OF PROVISIONS RELATING TO THE PREFERRED SECURITIES IN GLOBAL FORM

Initial Issue of Preferred Securities

The Preferred Securities will be issued in registered form and will be initially represented by interests in a Global Certificate which will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited with, a common depositary for, Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon the initial registration of Preferred Securities in the name Citivic Nominees Limited as nominee for a common depositary for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the common depositary for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will, in accordance with their respective procedures, credit each subscriber with such number of Preferred Securities equal to the number thereof for which it has subscribed and paid.

Exchange

If (a) either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business other than in connection with a merger of Euroclear and Clearstream, Luxembourg or (b) as a result of a change in law, transfer duties or similar taxes become payable on transfers of the Preferred Securities in Euroclear and/or Clearstream, Luxembourg, a number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the certificate held by the Common Depositary referred to above will be transferred to each holder of an interest in the Preferred Securities whose name is notified by a holder of such interest to the Registrar. Each such holder will be registered as a holder of the Preferred Securities in the Register maintained by or on behalf of the Issuer and will receive a certificate made out in its name.

Accountholders

So long as the Preferred Securities are registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg, the nominee for Euroclear and Clearstream, Luxembourg will be the sole registered owner or holder of the Preferred Securities represented by the Global Certificate. Except as set forth under “Description of Preferred Securities — Form, Registration and Transfer of Preferred Securities” and under “Transfers of Interests” below, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) as the holders of the Preferred Security evidenced by the Global Certificate (each an “Accountholder”) will not be entitled to have Preferred Securities registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Preferred Securities and will not be considered registered owners or holders thereof. Accordingly, each Accountholder must rely on the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be, to exercise any rights and obligations of a holder of Preferred Securities.

Payment

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the registered holder of the Preferred Securities and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the registered holder of the Preferred Securities in respect of each amount so paid.

Transfers of Interests

Accountholders will only be able to transfer their beneficial interests in the Preferred Securities in accordance with the restrictions described under “Description of the Preferred Securities — Form, Registration and Transfer of Preferred Securities” and with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

SUBORDINATED GUARANTEE

Set forth below is the text of the Subordinated Guarantee substantially in the form to be executed by the Bank.

“THIS DEED OF GUARANTEE (the “Guarantee”), dated July 11, 2003, is executed and delivered by NATIONAL BANK OF GREECE S.A. a company incorporated under the laws of the Hellenic Republic (the “Bank”) for the benefit of the Holders (as defined below).

WHEREAS the Bank desires to cause the Issuer to issue the Preferred Securities and the Bank desires to issue this Guarantee for the benefit of the Holders, as provided herein.

NOW THEREFORE the Bank executes and delivers this Guarantee for the benefit of the Holders.

1. DEFINITIONS AND INTERPRETATION

As used in this Guarantee, capitalized terms not defined herein shall have the meanings ascribed to them in the Issuer’s Articles of Association and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

“Additional Amounts” means, except where otherwise defined in relation to the Issuer, the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 4;

“Distributable Funds” means the aggregate amount, as calculated as of the end of the immediately preceding financial year of the Bank, of the profit for such financial year and any accumulated retained earnings and any other reserves and surpluses of each member of the Group available for distribution as cash dividends to ordinary shareholders of the Bank under the companies laws of, and generally accepted accounting principles in, Greece; but before deduction of the amount of any dividend or other distribution declared on the Bank’s ordinary share capital in respect of such financial year;

“Group” means the Bank together with its Subsidiaries;

“Guarantee Payments” means (without duplication) payments under this Guarantee in respect of (a) any declared but unpaid Preferred Dividends on the Preferred Securities for the most recent Preferred Dividend Period; (b) any compulsory Preferred Dividends pursuant to, and in accordance with, Article 12 of the Issuer’s Articles of Association; (c) the Redemption Price payable with respect to any Preferred Securities due to be redeemed by the Issuer; (d) the Liquidation Distributions due on the Liquidation Date; and (e) any Additional Amounts (as defined in the Issuer’s Articles of Association) payable by the Issuer;

“Holder” means, in relation to any Preferred Security, the member of the Issuer whose name is entered in the Register as holder of such Preferred Security;

“Issuer” means National Bank of Greece Funding Limited, a Subsidiary of the Bank incorporated in Jersey;

“Liquidation Date” means the date of final distribution of the assets of the Issuer in the case of a liquidation, dissolution or winding-up of the Issuer (whether voluntary or involuntary);

“Liquidation Distribution” means, at any relevant time, an amount equal to the Liquidation Preference plus (a) any accrued and unpaid Preferred Dividends (whether or not declared) calculated from and including the immediately preceding Preferred Dividend Payment Date (or, if none, the Closing Date) to but excluding the date of payment, and (b) any Additional Amounts, in each case payable in cash only;

“Liquidation Preference” means the liquidation preference of €1,000 per Preferred Security;

“Preferred Dividends” means the non-cumulative dividends in respect of the Preferred Securities as described in the Articles of Association of the Issuer;

“Preferred Dividend Parity Obligations” means the most senior preferred or preference shares or similar securities qualifying as tier 1 capital of the Bank and all preferred or preference shares or similar securities of Subsidiaries other than the Preferred Securities qualifying as tier 1 capital of the Bank and entitled to the benefit of any guarantee, support agreement or other contractual undertaking of the Bank ranking *pari passu* with the Guarantee as regards entitlement to distributions thereunder, or all such guarantees, support agreements or contractual undertakings;

“Preferred Securities” means the €350,000,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of the Issuer outstanding, each with a Liquidation Preference of €1,000, and including

any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities;

“Redemption Date” means the date on which the Preferred Securities are redeemed by the Issuer;

“Redemption Price” means, in respect of the Preferred Securities, €1,000 per Preferred Security;

“Register” means the register of holders maintained outside the United Kingdom on behalf of the Issuer; and

“Subsidiary” means any corporation or other person or entity more than 50 per cent. of whose equity share capital is owned by the Bank or 20 per cent., at least, of whose equity share capital is directly or indirectly controlled by the Bank and whose board of directors is controlled by the Bank or which is consolidated in the most recent annual audited consolidated financial statements of the Bank or which will be so consolidated in the next annual audited consolidated financial statements of the Bank.

2. GUARANTEE

Subject to the limitations contained in the following paragraphs, the Bank irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (except to the extent paid by the Issuer), as and when due, regardless of any defense, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute.

3. LIQUIDATION DISTRIBUTIONS

Notwithstanding paragraph 2 above, if, at the time that any Liquidation Distribution is to be paid by the Bank in respect of the Preferred Securities, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Bank, payment under this Guarantee of such Liquidation Distributions and payment by the Bank in respect of any liquidation distributions payable with respect to Liquidation Parity Obligations shall not exceed the amount that would have been paid as the liquidation distribution from the assets of the Bank (after payment in full in accordance with the Greek law of all creditors of the Bank, including holders of its subordinated debt but excluding holders of any liability expressed to rank *pari passu* with or junior to this Guarantee) had the Preferred Securities and all such Liquidation Parity Obligations been issued by the Bank and ranked (a) junior to all liabilities of the Bank (other than any liability expressed to rank *pari passu* with or junior to this Guarantee) (“Senior Creditors”), (b) *pari passu* with the most senior preferred securities or preference shares, if any, of the Bank and (c) senior to all Junior Obligations.

4. ADDITIONAL AMOUNTS

All Guarantee Payments made hereunder in respect of the Preferred Securities by the Bank will be made without withholding or deduction for, or on account of, any Greek Tax, unless the withholding or deduction of such Greek Tax is required by law. In that event, the Bank will pay such Additional Amounts as may be necessary in order that the net amounts received by the Holders of Preferred Securities after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder of Preferred Securities (or to a third party on his behalf) with respect to any Preferred Security (i) to the extent that such Greek Tax is imposed or levied by virtue of such Holder (or the beneficial owner of such Preferred Security) having some connection with Greece, other than being a Holder (or beneficial owner) of such Preferred Security, or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (iii) who would not be liable or subject to such withholding or deduction if it were to comply with a statutory requirement or to make a declaration of non-residence or other similar claim for exemption but fails to do so or (iv) who would have been exempted from such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union.

5. CONTINUING GUARANTEE

The obligations, undertakings, agreements and duties of the Bank under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

- (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer; or
- (b) the extension of time for the payment by the Issuer of all or any portion of the Preferred Dividends, Redemption Price, Liquidation Distributions or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities; or
- (c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind; or
- (d) the voluntary or involuntary liquidation, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer; or
- (e) any invalidity of, or defect or deficiency in, the Preferred Securities; or
- (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Bank with respect to the happening of any of the foregoing.

6. DEPOSIT OF GUARANTEE

This Guarantee shall be deposited with and held by Citibank, N.A. as Principal Paying and Transfer Agent until all the obligations of the Bank have been discharged in full. The Bank hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Guarantee.

It is specifically agreed that the place of performance of any and all obligations of the Bank under this Guarantee shall be London, England and consequently any and all payments of the Bank under this Guarantee shall be made out of bank accounts maintained with banks legally operating and situated in London, England.

7. ENFORCEMENT; RIGHTS OF REMEDY

- (a) A Holder may enforce this Guarantee directly against the Bank, and the Bank waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Bank. Subject to paragraph 8, all waivers contained in this Guarantee shall be without prejudice to the right to proceed against the Issuer. The Bank agrees that this Guarantee shall not be discharged except by payment of the Guarantee Payments in full and by complete performance of all obligations of the Bank under this Guarantee.
- (b) Following a breach by the Bank of its payment obligations under this Guarantee, a Holder may petition for the winding-up of the Bank and claim in the liquidation of the Bank but no other remedy shall be available to the Holder.
- (c) No Holder shall, following any payment made by the Bank in error to the Holders, be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Bank to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Bank is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Bank or, in the event of its winding-up, the liquidator of the Bank and, until such time as payment is made, will hold a sum equal to such amount in trust for the Bank, or the liquidator of the Bank, and accordingly such discharge will be deemed not to have taken place. Notwithstanding the foregoing provisions of this paragraph, the Bank shall not be entitled to exercise any right of set-off in connection with any amounts owed to the Holders by the Bank under this Guarantee.
- (d) In the event of a winding-up of the Bank, if any payment or distribution of assets of the Bank of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Bank being subordinated to

the payment of amounts owing under this Guarantee, shall be received by any Holders before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Bank and, in that event, the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.

8. SUBROGATION

The Bank shall be subrogated to any and all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Bank under this Guarantee. The Bank shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount with respect to the Preferred Securities shall be paid to the Bank in violation of the preceding sentence, the Bank agrees to pay over such amount to the Holders.

9. STATUS

- (a) The Bank acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Bank shall be liable as principal and sole debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee, notwithstanding the occurrence of any event referred to in paragraph 5.
- (b) Subject to applicable law, the Bank agrees that the Bank's obligations hereunder constitute unsecured obligations of the Bank and rank and will at all times rank (i) junior to Senior Creditors, (ii) *pari passu* with the most senior preferred or preference shares or similar securities, if any, of the Bank and (iii) senior to the Bank's ordinary shares.

10. UNDERTAKINGS OF THE BANK

- (a) The Bank undertakes that it will not issue any preferred or preference shares or similar securities ranking senior to its obligations under this Guarantee or give any guarantee in respect of any preferred or preference shares or similar securities issued by any Subsidiary if such guarantee would rank senior to this Guarantee (including, without limitation, any guarantee that would provide a priority of payment with respect to Distributable Funds) unless, in each case, (i) this Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such preferred or preference shares or similar securities or such other guarantee so that this Guarantee ranks *pari passu* with, and contains substantially equivalent rights of priority as, any such preferred or preference shares or similar securities or other guarantee and (ii) the most recent Preferred Dividend payment on the Preferred Securities has been paid in full either by the Issuer or by the Bank pursuant to this Guarantee.
- (b) The Bank undertakes that any amount required to be paid pursuant to this Guarantee in respect of any Preferred Dividend payable in respect of the most recent Preferred Dividend Period will be paid before any payment or other distribution in respect of any dividends (except distributions in kind or dividends in the form of the Bank's ordinary shares or other shares of the Bank ranking junior to the obligations of the Bank under this Guarantee) upon the Bank's ordinary shares or any other shares of the Bank ranking junior to this Guarantee (whether issued directly by the Bank or by a Subsidiary and entitled to the benefits of a guarantee ranking junior to this Guarantee).
- (c) The Bank undertakes that, unless one of the provisions of Article 16 paragraphs 2(b) to (f) or paragraph 5 of Greek Codified Law 2190/1920 applies which does not result in a decrease of the Bank's own funds for the purposes of Greek capital adequacy requirements, if the Bank's Junior Obligations are redeemed, repurchased or otherwise acquired for any consideration (or any moneys are paid to or made available for a sinking fund for the redemption of any such Junior Obligations) by the Bank or any subsidiary (except by conversion into or in exchange for shares of the Bank ranking junior to this Guarantee), the Bank will procure that the Issuer will pay, or set aside payment with respect to, full Preferred Dividends on all outstanding Preferred Securities for four consecutive Preferred Dividend Periods.
- (d) The Bank undertakes that as long as any Preferred Security remains in issue, the Issuer will be a Subsidiary of the Bank and the Bank will hold all of its issued ordinary shares directly or indirectly. The Bank undertakes that, so long as any of the Preferred Securities are outstanding, unless the Bank of Greece has

given its prior approval or unless the Bank is itself in liquidation, the Bank will not permit, or take any action to cause, the liquidation, dissolution or winding-up of the Issuer.

- (e) The Bank undertakes to procure that the Issuer will maintain at all times whilst the Preferred Securities are outstanding, (i) whilst the Preferred Securities are listed on the Luxembourg Stock Exchange, a Paying and Transfer Agent in Luxembourg, (ii) a Registrar having its office outside the United Kingdom and (iii) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

11. TERMINATION

With respect to the Preferred Securities, this Guarantee shall terminate and be of no further force and effect upon payment of the Redemption Price or purchase and cancellation of all Preferred Securities or full payment of the Liquidation Distributions and liquidation of the Issuer, provided however that this Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid under the Preferred Securities or this Guarantee must be restored by a Holder for any reason whatsoever.

12. TRANSFER

Subject to operation of law, all guarantees and agreements contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Bank and shall inure to the benefit of the Holders. The Bank shall not transfer its obligations hereunder without the prior approval of the Holders of not less than two-thirds of the Preferred Securities (excluding any Preferred Securities held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or similar ownership interests), provided, however, that the foregoing shall not preclude the Bank from merging or consolidating with, or transferring or otherwise assigning all or substantially all of its assets to, a banking organization organized under the laws of Greece or another European Union Member State, without obtaining any approval of such Holders.

13. AMENDMENTS

Except for those changes (a) required by paragraph 10(a) above, (b) which do not adversely affect the rights of Holders, or (c) necessary or desirable to give effect to any one or more transactions referred to in the proviso to paragraph 12 above (in any of which cases no agreement will be required), this Guarantee shall be changed only by agreement in writing signed by the Bank with the prior approval of the Holders of not less than two-thirds of the Preferred Securities (excluding any Preferred Securities held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20 per cent. or more of the voting shares or other similar ownership interests).

14. NOTICES

Any notice, request or other communication required or permitted to be given hereunder to the Bank shall be given in writing by delivering the same against receipt therefor or by facsimile transmission (confirmed by mail) addressed to the Bank, as follows (and, if so given, shall be deemed given upon mailing of confirmation, if given by facsimile transmission), to:

National Bank of Greece S.A.
86 Eolou Street
10232 Athens
Greece

Facsimile: + 30 210 334 3920

Attention: Chief Financial Officer

The address of the Bank may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Bank to Citibank, N.A. as Principal Paying and Transfer Agent.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Bank in the same manner as notices sent by the Issuer to Holders.

15. MISCELLANEOUS

- (a) This Guarantee is solely for the benefit of the Holders and is not separately transferable from the Preferred Securities.
- (b) The Bank will furnish any Holder, upon request of such Holder, with a copy of its annual report, and any interim reports made generally available by the Bank to holders of the ordinary shares of the Bank.
- (c) The Bank hereby waives notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non-payment, notice of dishonor, notice of redemption and all other notices and demands.

16. GOVERNING LAW AND JURISDICTION

- (a) This Guarantee shall be governed by, and construed in accordance with, English law save that paragraphs 4 and 9(b) shall be governed by, and construed in accordance with, Greek law.
- (b) The Bank hereby irrevocably agrees for the benefit of the Holders that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Guarantee and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts.
- (c) The Bank irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgement in any Proceedings brought in the courts of England shall be conclusive and binding upon the Bank and may be enforced in the courts of any other jurisdiction. Nothing contained in this paragraph shall limit any right to take Proceedings against the Bank in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.
- (d) The Bank will receive service of process in respect of this Guarantee at its London branch for the time being (being, at the date hereof, 50 St. Mary Axe, London EC3A 8EL) in respect of any Proceedings.

IN WITNESS WHEREOF this Guarantee has been manually executed as a deed poll on behalf of the Bank

Executed as a deed by
NATIONAL BANK OF GREECE S.A.
acting by

_____ Director

and

_____ Director/Secretary

in the presence of:

Witness's signature

Name:

Address:

Dated July 11, 2003

USE OF PROCEEDS

The net proceeds of the issue of the Preferred Securities, amounting to approximately €346,500,000, will be used by the Bank and/or its consolidated subsidiaries for general banking purposes.

NATIONAL BANK OF GREECE FUNDING LIMITED

History

National Bank of Greece Funding Limited, the “Issuer”, was incorporated in Jersey on June 23, 2003 for an unlimited duration and with limited liability under the laws of Jersey with registered number 85558.

The registered office of the Issuer is Whiteley Chambers, Don Street, St. Helier, Jersey JE4 9WG, Channel Islands. The Issuer has no place of business in Greece.

Business

The Issuer is a subsidiary of National Bank of Greece S.A. The Issuer has no subsidiaries. It was formed to act as a general finance vehicle for the Group.

Capitalization

- (a) The existing issued Ordinary Securities of the Issuer are not listed on the Luxembourg Stock Exchange or on any other stock exchange and are not dealt on any other recognized market.
- (b) The Issuer has an authorized share capital of up to €401 million divided into 1,000,000 Ordinary Securities of €1 each and 400,000 Series A Floating Rate Non-cumulative Guaranteed Non-voting Preferred Securities of €1,000 each.
- (c) At the date hereof 10,000 Ordinary Securities have been issued and are fully paid. There has been no subsequent change in the ordinary share capital of the Issuer.
- (d) The holders of the Ordinary Securities of the Issuer have no rights of pre-emption or preferential subscription rights in respect of the Preferred Securities.
- (e) No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.

Indebtedness

Since the date of its incorporation, the Issuer has not had outstanding any loan capital, has not incurred any other borrowings or indebtedness and has had no contingent liabilities or granted any guarantees.

Directors

- (a) The Directors of the Issuer and their principal activities outside the Issuer are as follows:

<u>Name</u>	<u>Function in the Issuer</u>	<u>Principal Activity Outside the Issuer</u>
Peter Gatehouse	Director	Director of Ogier SPV Services Limited
Ioannis Kyriakopoulos	Director	NBG Manager, Financial and Management Accounting
Michael Lombardi	Director	Partner of Ogier & Le Masurier, Jersey
Constantinos Othoneos	Director	NBG Manager, International Network Division B
Dimitri Vassilacos	Director	Manager, NBG, London Branch

For the purpose of this Offering Circular, the business address of each of the Directors is that of the Issuer’s registered office.

- (b) The Directors do not, and it is not proposed that they will, have service contracts with the Issuer. No Director has entered into any transaction on behalf of the Issuer which is or was unusual in its nature of conditions or is or was significant to the business of the Issuer since its incorporation.

At the date of this Offering Circular there were no loans granted or guarantees provided by the Issuer to any Director.

- (c) Except as described below, as at the date of this Offering Circular, the Directors have not received, nor is it expected that they will receive, any remuneration for the provision of their services as directors of the Issuer. Michael Lombardi is a partner of Ogier & Le Masurier and Peter Gatehouse is a director of Ogier SPV Services Limited, which derive fees for the provision of legal and administrative services to the Issuer.

(d) The Articles of Association of the Issuer provide that:

Subject to the provisions of the Law, any Director may vote on any proposal, arrangement or contract in which he is materially interested provided he has disclosed the nature of his interest in it prior to its consideration and any vote thereon.

The remuneration of the Directors shall from time to time be determined by the Issuer in general meeting.

Subject to the provisions of the Articles of Association, a Director shall hold office until such time as he is removed from office by resolution of the Issuer in general meeting.

For purposes of the Issuer's Articles of Association, "Law" means the Companies (Jersey) Law, 1991, as the same may be amended from time to time.

Secretary

The Secretary of the Issuer is Ogier SPV Services Limited of Whiteley Chambers, Don Street, St. Helier, Jersey JE4 8WQ, Channel Islands.

General

- (a) Since June 23, 2003, the date upon which the Issuer was incorporated, there has been no significant change in the trading or financial position of the Issuer.
- (b) Deloitte & Touche, of Lord Coutanche House, 66-68 The Esplanade, St. Helier, Jersey JE4 8WA, Channel Islands, have been appointed as auditors to the Issuer. It is intended that the Issuer will prepare financial statements on an annual basis.
- (c) No accounts have been prepared for the Issuer nor have any dividends been declared or paid since the Issuer was incorporated. The Issuer will publish its first accounts in respect of the period ending on December 31, 2003.
- (d) No transactions have occurred since incorporation of the Issuer other than (i) the allotment of the shares described under "Capitalization" above and (ii) the execution of the Subscription Agreement dated July 9, 2003 and the Agency Agreement to be dated July 11, 2003, each as described in this Offering Circular, and of a Corporate Administration Agreement to be dated on or about July 9, 2003 and made between the Issuer and Ogier SPV Services Limited.

THE BANK AND THE GROUP

Introduction

National Bank of Greece S.A. (the “Bank”) and its consolidated subsidiaries (together, the “Group”) comprise a diversified financial services group engaged in a wide range of banking, financial services, insurance, stock-brokerage and finance-related activities throughout the Hellenic Republic and internationally.

The Bank is a public company under Greek law, and the law incorporating the Bank as a *société anonyme* (with limited liability) was published in the Greek Official Gazette on March 30, 1841. Its current corporate form will expire on February 27, 2053, but may be extended by a resolution of the Bank’s General Meeting. It is subject to regulation and supervision by the Bank of Greece — the central bank — and to Greek banking and accounting law. The Bank’s registered and head office is at 86 Eolou Street, Athens. The Bank’s shares are listed on the Athens Stock Exchange, as well as the stock exchanges of Frankfurt, Copenhagen and Luxembourg. In addition, the Bank’s ADRs are listed on the London Stock Exchange and on the New York Stock Exchange.

The Bank is incorporated and domiciled in the Hellenic Republic and has been listed on the Athens Stock Exchange since 1880. Until the establishment of the Bank of Greece in 1928, the Bank was also responsible for issuing currency. Until the late 1980s, in common with other Greek banks, the Bank operated in a highly regulated environment, which significantly influenced its lending and investment activities. Although the Bank now bases its business decisions on commercial criteria and in recent years has operated independently, the Greek state continues to own, directly and indirectly through certain state-related entities, approximately 33.2 per cent. of the Bank’s ordinary share capital.

The Bank considers that it is the largest commercial bank in the Hellenic Republic in terms of assets, deposits, loans and number of branches. At December 31, 2002, the Group’s total assets were €54,096 million, customers’ deposits were €44,801 million and loans and advances to customers were €20,608 million. The Bank operates through a network of 590 branches throughout the Hellenic Republic and an international network comprising 19 branches outside the Hellenic Republic and four overseas representative offices. In addition, the Bank has six commercial banking subsidiaries operating in six countries.

The number of outstanding shares at December 31, 2002 was 231,870,986. The share capital of the Bank is held widely by individual and institutional shareholders, the Hellenic Republic and certain state-related entities, primarily pension funds. The Hellenic Republic, directly or through the Public Company for Transferable Securities (“DEKA”), owns 12.2 per cent. of the Bank’s share capital (up from 4.5 per cent. at the end of 2001). In 2002, the Hellenic Republic (through DEKA) acquired 12,658,079 shares held by the Postal Savings Bank and 5,000,000 shares held by the Deposit and Loans Fund following the conversion of the two organizations into *sociétés anonymes*. As at December 31, 2002, 26.6 per cent. of the remaining shares of the Bank were held by domestic retail investors, 20.9 per cent. by state-related entities, 20.5 per cent. by institutional investors (domestic investors held 10.2 per cent. and international investors held 10.3 per cent.), 8.1 per cent. by other legal entities, 4.9 per cent. by subsidiaries of the Bank and 0.5 per cent. by international retail investors. Hellenic Finance S.C.A., an SPV controlled by the Hellenic Republic, holds 6.3 per cent. of the Bank’s share capital as a result of the issuance on June 30, 1999 of bonds due July 15, 2003 that are exchangeable into shares of the Bank. Hellenic Finance S.C.A. grants proxies to DEKA with respect to the voting rights over those shares. Certain of those shares may be distributed to purchasers of the exchangeable bonds who exchange such bonds for shares in the Bank. As at June 20, 2003, no purchasers have exercised their option to exchange. At maturity of the exchangeable bonds, on July 15, 2003, those shares held by Hellenic Finance S.C.A. will revert to the Hellenic Republic, through DEKA.

The number of the Bank’s outstanding shares is 255,058,085 as at the date of this offering circular, following a bonus issue that was approved by the Bank’s shareholders at its annual general meeting, on May 9, 2003. The bonus issue consisted of one share for every ten shares held as at the record date, May 30, 2003. The bonus issue was effected on June 9, 2003, following which 12.2 per cent of the Bank’s shares were held by DEKA, 20.9 per cent. by state-related entities, 27.8 per cent. by domestic retail investors, 10.5 per cent. by foreign institutional investors, 6.3 per cent. by Hellenic Finance S.C.A., 9.1 per cent. by domestic institutional investors, 7.8 per cent. by other legal entities, 4.9 per cent. by subsidiaries of the Bank and 0.5 per cent. by international retail investors.

Historically, Greek law prohibited banks from engaging directly in financial service activities outside their traditional deposit and loan functions. Therefore, specialized financial institutions were established in the Hellenic Republic, each for the provision of a particular type of financial service. A Greek bank that sought to provide multiple financial services to its customers would create several subsidiaries, each a specialized

institution within the bank's integrated group of diverse financial services companies. As a consequence of this historical practice, the Greek financial services sector today is characterized by a group of specialized companies established around a principal bank. National Bank of Greece S.A. is such a principal bank, around which its consolidated subsidiaries are organized.

The following table sets forth the Bank's direct and indirect ownership for each company in the consolidated Group, as at December 31, 2002:

**Companies of the financial sector included in the consolidated financial statements
of the NBG Group as at December 31, 2002**

Name	Bank's Participation		
	Direct	Indirect	Total
1 National Securities SA	100.00%	—	100.00%
2 Ethniki Kefalaïou SA	100.00%	—	100.00%
3 Diethniki SA	81.00%	19.00%	100.00%
4 National Management and Organization SA	100.00%	—	100.00%
5 Ethniki Leasing SA	93.33%	6.67%	100.00%
6 Ethniki Mutual Fund Management SA	100.00%	—	100.00%
7 Ethniki Venture Capital SA	—	100.00%	100.00%
8 National Development of Northern Greece SA	65.00%	—	65.00%
9 NBG Balkan Fund Ltd.	100.00%	—	100.00%
10 NBG Greek Fund Ltd.	100.00%	—	100.00%
11 ETEBA Emerging Markets Fund Ltd.	100.00%	—	100.00%
12 ETEBA Estate Fund Ltd.	100.00%	—	100.00%
13 ETEBA Venture Capital Management SA	100.00%	—	100.00%
14 NBG Bancassurance SA	99.70%	0.30%	100.00%
15 Atlantic Bank of New York	100.00%	—	100.00%
16 National Bank of Greece (Canada)	100.00%	—	100.00%
17 The South African Bank of Athens Ltd.	85.49%	13.60%	99.09%
18 National Bank of Greece Cyprus Ltd.	100.00%	—	100.00%
19 National Securities Cyprus (Ethnosecurities)	—	100.00%	100.00%
20 NBG Management Services	100.00%	—	100.00%
21 Stopanska Banka AD	71.20%	—	71.20%
22 United Bulgarian Bank Sofia (UBB)	89.91%	—	89.91%
23 NBG International	100.00%	—	100.00%
24 NBG I Inc.	—	100.00%	100.00%
25 NBG I Private Equity Limited	—	100.00%	100.00%
26 NBG Finance	100.00%	—	100.00%
27 Interlease AD Sofia	87.50%	—	87.50%
28 ETEBA Bulgaria AD Sofia	92.00%	8.00%	100.00%
29 ETEBA Romania SA	100.00%	—	100.00%
30 ETEBA Advisory	—	100.00%	100.00%
31 NBG I Jersey Ltd.	—	100.00%	100.00%
32 NBG Luxembourg	94.67%	5.33%	100.00%
33 NBG Luxfinance	94.67%	5.33%	100.00%
34 NBG Asset Management	100.00%	—	100.00%
35 NBG International Asset Management	100.00%	—	100.00%
36 Innovative Ventures S.A. (I-Ven)	—	100.00%	100.00%

Organizational Structure

The Governor is responsible for the management of the Bank, under the supervision of the Board of Directors. Currently, the Board of Directors is composed of fifteen members (four executive members and eleven non-executive of which two are independent in accordance with the provisions of Law 3016/2002), including the Governor (who also serves as Chairman) and three Deputy Governors. The members are elected by the shareholders at their annual general meeting for a term of three years. Retiring directors may be re-elected. While the Hellenic Republic has no statutory right to appoint directors of the Bank, it has significant direct and indirect shareholdings in the Bank and therefore may have the de facto ability to appoint certain directors through the exercise of its voting rights. The Chairman is elected by the Board of Directors. Each of the three Deputy

Governors reports to the Governor and is responsible for certain divisions of the Bank. In July 2002, the Board of Directors appointed General Managers whose role is to supervise and co-ordinate the tasks of the various Divisions or groups of Divisions. The General Managers report to the Governor or one of the deputy Governors, and are responsible for:

- Supervising and coordinating the activities of their respective units,
- Monitoring progress with regard to the Bank's business targets and goals,
- Approving expenditures, investments and financing within set limits, and
- Contributing to the Bank's management regarding the design of the Bank's strategy, setting out the various goals of the Bank, and drawing up an annual budget for their respective Divisions.

At present the following are serving as Governor, Deputy Governors or members of the Board:

Chairman of the Board and Governor:

Theodoros Karatzas (former Deputy Minister of the Greek Ministry of the National Economy, Chairman, Atlantic Bank of New York, NBG Canada, NBG International, NBG Cyprus, Stopanska Banka, United Bulgarian Bank, President of the Association of Greek Banks)

Deputy Governors:

Theodoros Pantalakis (former Alternate General Manager of the Interamerican Group, Chairman, Ethniki Hellenic General Insurance, Astir Palace Vouliagmenis S.A., National Real Estate, Mortgage Construction S.A. EKTENEPOL, Phosphate Fertilizers Industries and the Central Securities Depository of Athens S.A.)

Andreas Vranas (Chairman, Ethniki Leasing, National Investment Company)

Apostolos Tamvakakis (former Alternate General Manager of ABN AMRO Bank, Chairman, the South African Bank of Athens, National Management and Organization Co. S.A., National Securities Company, NBG Greek Fund, NBG Balkan Fund, NBG Asset Management, NBGI Asset Management)

Non-Executive Members of the Board:

H.E. the Metropolitan of Ioannina Theoklitos

Panagiotis Lambropoulos (former Managing Director, Retail Lambropoulos Bros. S.A., independent non-executive member)

Ioannis Panagopoulos (employees' representative, National Bank of Greece)

Dimitrios Papoulias (Chairman, Public Power Corporation, Professor of Economics at the University of Athens)

Panagiotis Zarras (employees' representative, National Bank of Greece)

Georgios Lanaras (shipowner)

Vassilios Rapanos (Chairman, Council of Economic Advisors of the Ministry of Economy and Finance)

Georgios Tsouyopoulos (civil engineer and architect, independent non-executive member)

Miltiadis Nektarios (Chairman, IKA (the Social Security Fund))

Dimitrios Daskalopoulos (Chairman and CEO, DELTA Holding S.A.)

Vassilios Constantakopoulos (shipowner)

General Managers:

Agesilaos Karabelas (Legal Services)

Anthimos Thomopoulos (Chief Financial Officer)

Nikolaos Mallouhos (Operational Support)

Thomas Pliakos (Human Resources)

Alexandros Tourkolias (Shipping Finance)

Dimitrios Pinis (Corporate Finance)

Ioannis Filos (Domestic Network)

Agis Leopoulos (International Activities)

Georgios Aronis (Retail Banking)

Dimitrios Goumas (Investment Banking)

Petros Christodoulou (Treasury and Private Banking)

Capitalization

The following table sets forth the capitalization of the Group as at December 31, 2002 and as adjusted to reflect the consummation of the offering and as at March 31, 2003. The table should be read in conjunction with the Group's Greek GAAP Financial Statements, including the notes thereto. See "*Financial Statements of National Bank of Greece Group*".

	As at December 31, 2002 (actual) (in € millions)	As at December 31, 2002 (adjusted)(2) (in € millions)	As at March 31, 2003 (actual)(3) (in € millions)
<i>Liabilities:</i>			
Amounts owed to credit institutions — short term	4,195.6	4,195.6	5,409.5
Amounts owed to customers — short term	44,801.4	44,801.4	43,210.7
Debts evidenced by certificates — medium term	36.0	36.0	32.4
Other liabilities — short term	1,403.8	1,403.8	1,014.2
Accruals and deferred income — short term	272.8	272.8	119.7
Provisions for liabilities and charges — long term	43.7	43.7	41.3
Provisions for general banking risks — long term	8.0	8.0	5.8
Subordinated liabilities — long term	750.0	750.0	750.0
<i>Share capital:</i>			
(231,870,986 authorized and issued shares, nominal value €4.50 per share)(1)	1,043.4	1,043.4	1,043.4
Share premium account	32.4	32.4	32.4
Accumulated reserves	1,285.5	1,285.5	1,233.7
Preferred securities	—	350.0	—
Retained earnings	338.7	338.7	252.6
Consolidation differences	(146.9)	(146.9)	(142.6)
Minority interests	31.3	31.3	138.7
Group's profit before tax for the period January 1, 2003 - March 31, 2003			112.0
Minority profit before tax			(0.7)
TOTAL LIABILITIES	<u>54,095.7</u>	<u>54,445.7</u>	<u>53,253.1</u>

(1) On May 9, 2003, the annual shareholders' meeting approved the increase in the Bank's share capital by €104,341,945.50 through capitalization of reserves, and the issuance of 23,187,099 new bonus shares to be distributed to the Bank's shareholders in proportion of 1 new share for every ten shares held as of the record date, May 30, 2003. Following the issuance of the bonus shares, the Bank's share capital is €1,147,761,382.50, represented by 255,058,085 fully-paid shares, nominal value €4.50 per share. There are currently no authorized ordinary shares of the Bank which have not been issued.

(2) As adjusted to reflect the issue of €350,000,000 preferred securities.

(3) Unaudited.

Except as set out above, there has been no material change to the capitalization of the Group since March 31, 2003.

Dividends

The Bank pays dividends out of:

- net profits for the year; and
- retained earnings, special reserves or ordinary reserves to the extent they exceed the amount required to be maintained by law.

Before paying dividends, the Bank must allocate between 5 per cent. and 20 per cent. of its net profits to an ordinary reserve until this reserve equals at least one-half of the Bank's share capital. According to the Bank's Articles of Association and Greek corporate law, and subject to the limitations described below, each year the Bank is required to pay a minimum dividend out of the net profits, if any, for the last year equal to the greater of:

- 6 per cent. of the Bank's share capital; or
- 35 per cent. of the net profits for the year (after the deduction of statutory reserves and any profits resulting from the sale of equity participations that represent at least 20 per cent. of the paid-up share capital of a subsidiary company in which the Bank has held an equity participation for at least ten years).

Calculation of all such amounts is based on the financial statements of the Bank prepared in accordance with Greek GAAP.

Any distribution of the remainder of the net profits must be approved by the Bank's annual general meeting, with ordinary quorum and majority voting requirements, following a proposal of the Bank's board of directors. No distribution whatsoever can be effected if, on the closing date of the last financial year, the total shareholders' equity is, or will become after that distribution, lower than the sum amount of the share capital and the reserves, the distribution of which is prohibited by Greek law or the Bank's Articles of Association. In any event, dividends may not exceed net profits of the financial year, as increased by distributable reserves, the distribution of which is permitted as resolved at the annual general meeting and profits carried forward from previous years, and as decreased by any loss in the previous financial year and any compulsory reserves required by law or the Bank's Articles of Association.

In the event that the obligatory dividend payments equal 35 per cent. of the net profits for the year (after the deduction of statutory reserves and any profits resulting from the sale of equity participations that represent at least 20 per cent. of the paid-up share capital of a subsidiary company in which the Bank has held an equity participation for at least ten years), the Bank's shareholders have two more options. According to Greek Emergency Law 148/1967, as amended by Law 2753/1999, a majority representing at least 65 per cent. of the paid-up share capital may vote to waive this dividend payment at a general meeting of the shareholders. Undistributed dividends must then be transferred under a special reserve and must be capitalized within four years following the general meeting. Furthermore, a majority of 70 per cent. of the Bank's paid up capital may vote to distribute the lower amount, i.e., 6 per cent., of the Bank's share capital.

Once approved, dividends must be paid to shareholders within two months of the date on which the Bank's annual financial statements are approved. Dividends are forfeited to the Hellenic Republic if they are not claimed by shareholders within five years following December 31 of the year in which they were declared.

On May 9, 2003, at the Bank's annual general meeting, the Bank's shareholders approved the distribution of a cash dividend in the amount of €0.45 per share with respect to the year ended December 31, 2002.

The following table sets forth the dividends paid by the Bank for the periods and the dividends as a percentage of net income distributed according to Greek GAAP:

<u>Year Ended December 31,</u>	<u>Amount of dividends per share, in EUR(1)</u>	<u>Amount of dividends per share, in U.S.\$(2)</u>	<u>Number of shares entitled to dividend(3)</u>	<u>% of net income distributed</u>
1998	0.68 (GRD 232.0)	0.64	176,559,813	31.5
1999	0.84 (GRD 286.0)	0.78	219,034,917	27.4
2000	1.09 (GRD 370.0)	1.01	228,080,452	28.3
2001	1.10 (GRD 375.0)	1.03	228,080,452	38.7
2002	0.45	0.53	231,870,986	35.2

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- (1) The dividends per share have given effect to the four-for-one stock split in January 1999 and the four-for-ten bonus issue in April 2000, which represented a transfer from the Bank's reserves under Greek law. Amounts for the years ended December 31, 1998, 1999, 2000 and 2001 were recorded in Greek drachmas and have therefore been re-expressed in euro, based on the fixed rate of €1.00 = GRD 340.750, to conform to the current presentation.
 - (2) Solely for the convenience of the reader, the translation of euro into U.S. dollars has been made at the Noon Buying Rate of U.S.\$1.00 = €0.8499 on May 31, 2003.
 - (3) The number of shares entitled to receive dividends for the year 2000 does not include the 6,461,096 shares, formerly held by the Hellenic Republic, which were issued in relation to the fourth tranche of the Mandatorily Convertible Bonds, which converted on November 15, 2000, and were subsequently purchased by the Bank on December 13, 2000 and ultimately cancelled on May 23, 2001.

The Bank currently expects to continue to pay dividends.

Description of the Business of the Group

The Bank, together with the other companies in the Group, provides a full range of banking and financial services to both corporate and private clients. Corporate clients are offered a wide range of products and services including financial and investment advisory services, deposit accounts, loans (denominated in both euro and foreign currencies), foreign exchange, insurance products, custody arrangements and trade finance services. Private customers are offered a number of types of deposit and investment products, current accounts, as well as foreign exchange services, credit cards, consumer and mortgage loans and stockbroking services. Most of the Bank's banking business is domestic and includes commercial banking and retail banking.

Domestic Banking Activities

The Bank lends to all sectors of the economy. At December 31, 2002, domestic commercial lending (including the public sector) accounted for 50.3 per cent., or €7,873 million, of the Bank's total domestic loan portfolio. Traditionally, the Bank has focused on lending to large and medium-sized domestic corporations, especially industrial corporations, which accounted for approximately 33.9 per cent. of its total loan portfolio at December 31, 2002. The Bank has several clients to which it has lent significant amounts; its 10 largest individual performing loan exposures (loans originated by both Greek and foreign NBG branches) totaled approximately €1,624 million at December 31, 2002, and account for approximately 17.3 per cent. of the Bank's total performing commercial loan portfolio. The Bank has recently reorientated its commercial lending activities to target high growth sectors.

The Bank's lending is primarily in the form of credit lines, which are generally at variable interest rates, with payment terms of up to 12 months. In addition, the Bank provides letters of credit and guarantees for its clients. At December 31, 2002 and 2001, the Bank had outstanding letters of credit and guarantees for a total of €2.01 billion and €2.15 billion, respectively. The Bank also offers term loans, mainly for large corporate and shipping clients, with a maximum maturity of 15 years. Most loans are collateralized to a certain degree, although there can be significant delays in foreclosing on collateral under Greek law.

The Bank participates in, advises on and arranges large syndicated loans with both domestic and foreign banks. Generally, these loans finance large domestic infrastructure projects and borrowings by large corporations and State-controlled entities.

Shipping Finance

The Hellenic Republic has a long tradition in ship-owning. It is among the world's largest ship-owning and ship-flagging nations. The Bank has been in the shipping finance sector for decades, and is the leading Greek bank, as well as one of the strongest competitors to foreign banks, involved in shipping finance. The Bank has traditionally provided financing for many of the largest Greek shipping companies. At the end of 2002, the Bank held the leading position in Greece and the third position internationally in terms of the financing of the Greek-owned fleet. Shipping remains an important sector of the Greek economy and the Bank is one of the most active participants in the local market. At December 31, 2002, performing shipping loans amounted to approximately €830 million, which is 4.6 per cent. of the Bank's total loan portfolio.

The Bank's shipping finance activities are carried out both through its Piraeus branch, which is dedicated exclusively to shipping finance, and its London branch. Its shipping finance activities in London and loans originated there now account for approximately 15.5 per cent. of the Bank's loans in this sector. The Bank plans

to continue with its strategy of targeting first tier shipping groups in its shipping finance and syndicated loan activities in order to improve the quality and profitability of its shipping loan portfolio.

Retail Banking

The Bank offers a wide range of products for retail customers, including savings accounts, current accounts and time deposits. The Bank expects the implementation of its new CRA system to improve significantly its service to its retail customers. The Bank will be able to target specific retail customers to offer other compatible products and services of the Group, just as it does for its corporate customers.

Savings and Investment Products

The Bank's savings and investment products are offered in both euro and foreign currencies. Increasingly, the Bank has, in response to customer demand, begun to offer new investment products with higher yields. These products include tax-efficient repurchase agreements between the Bank and its clients (backed by Greek government bonds), Greek government bonds from the Bank's proprietary portfolio and a wide range of mutual funds and unit trust products provided by Diethniki Mutual Fund Management, S.A. Furthermore, NBG launched a series of new capital guaranteed investment products offering the saving public the potential for higher returns than conventional deposits. The products issued during the course of 2002 attracted a significant level of funds, indicating that there is considerable demand for such types of investment products due to low interest rates and declining markets. The Bank believes it can increase revenues by cross-selling various financial products and services of the Group to its retail customers through its extensive branch network.

Credit Products

Consumer Credit

The Bank was one of the first institutions in the Hellenic Republic to provide consumer credit. It has continued to expand in the consumer credit sector, offering consumer loans, personal loans and credit cards through its subsidiary, National Management and Organization Company, S.A. ("NMOC").

While consumer credit has existed in the Hellenic Republic since 1972, this sector has grown significantly in recent years. Consumer loans and credit card loans accounted for approximately 12.7 per cent. of the Bank's total loan portfolio in 2002, compared with approximately 5.5 per cent. of the Bank's loan portfolio for 1995.

Consumer Loans and Personal Loans

The Bank classifies retail loans in accordance with the standards established by the Bank of Greece, the central bank. A consumer loan is any loan of up to €25,000, undertaken to purchase specific consumer goods. A personal loan is a general loan of up to €3,000, with no purpose for borrowing specified. Personal loans generally carry higher interest rates than consumer loans.

With effect from June 20, 2003, the Bank of Greece has abolished its prior limits on consumer lending, including the €25,000 and €3,000 ceiling limits on consumer loans for specified goods and personal loans, respectively (pursuant to Act No. 2523/12.06.2003 of the Governor of the Bank of Greece, which amended Act No. 1955/02.07.1991). From that date, credit institutions such as the Bank are free to determine the terms and conditions of their consumer lending in accordance with their own credit control policies.

The Bank's domestic consumer lending more than doubled between 1997 and 2002, from €465 million to approximately €1.2 billion as at December 31, 2002. This trend is due primarily to improved economic conditions in the Hellenic Republic and significant decreases in interest rates.

In conjunction with its other companies, the Bank has been developing new consumer loan products with more favorable interest rates, such as vacation, home furnishing, car loans and retail revolving credit facilities under which approved customers can withdraw funds up to the limit of their individual credit facility (maximum €3,000) as needed for personal purposes. The Bank continues to lead the Greek market in reducing interest rates on consumer credit products. The loan approval process for all credit card and consumer credit products is centralized and based on a uniform credit scoring system.

Credit Cards

Despite intense competition, the Bank continues to maintain its leading position in the Greek credit card market. The total number of the Bank's credit cards in issue which were active at December 31, 2002 was approximately 1,098,000.

The Bank, through its subsidiary NMOC, is the main issuer of Mastercards in the Hellenic Republic. Since 1998, the Bank also issued Ethnocarta VISA cards, also through NMOC. The Bank issued over 230,000 credit cards during 2002.

Mortgage Lending

The Bank's mortgage lending activities were carried out in the past predominantly through National Mortgage Bank ("NMB"). Prior to the merger of NMB into NBG in 1998 (the "Merger"), the Bank engaged in mortgage lending only to a limited extent. At the time of the Merger, NMB was the largest mortgage lender operating in the Hellenic Republic, with an estimated market share among commercial and mortgage banks of approximately 59 per cent.

In 2002, new mortgage disbursements totaled €1,337.9 million compared with €1,223.8 million in 2001, up 9.3 per cent. Accordingly, mortgage outstandings grew by 22.2 per cent., reaching €5,640 million at the end of the year, as against €4,614 million at the end of 2001. At December 31, 2002, the Bank's market share stood at 26.6 per cent.

Capital Markets and Advisory Services

Investment Banking and Brokerage Services

The Bank and its subsidiaries (principally NBG International Limited and National Securities S.A.) offer a wide range of capital markets and advisory services, including:

- corporate finance advisory services;
- underwriting;
- venture capital;
- equity and debt financing; and
- stock brokerage.

In recent years, NBG has maintained a leading role in capital market activities, particularly with regard to public offering activity. In 2002, the Group was a global coordinator, lead manager or underwriter in 18 out of 20 public offerings in the Hellenic Republic. This market has become increasingly competitive, with a number of banks and brokerage houses participating actively in this area.

National Securities S.A. is the Group's brokerage arm, and is a member of the ASE and of the Athens Derivatives Exchange. Its customers are able to enter stock purchase orders through on-line connections in the Bank's branch network, which allow for rapid execution (subject to market conditions and rules). It is becoming increasingly active in portfolio management and in secondary market transactions for clients (both retail and institutional) in Government securities. In 2002, National Securities S.A. launched new services including immediate investment access to 31 stock markets (under the brand name "Cosmos") and the Margin Account (where investors can buy shares on credit). It had a market share of approximately 7.8 per cent. by total trading volume on the ASE, ranking second in terms of total trading volume. In July 2000 the Bank acquired Newbrook, a broker dealer and asset management company based in New York, which currently operates under the name of NBGI, Inc.

Custodian Services

The Bank offers custodian services to its foreign and domestic institutional clients who purchase listed securities on the ASE. In its capacity as custodian, the Bank collects dividends for customers' accounts and accepts proxies to vote on their behalf at shareholders' meetings. The Bank also acts as custodian for foreign depositories and mutual funds.

Asset Management and Private Banking

Diethniki Mutual Fund Management S.A. ("Diethniki") is 100 per cent. owned by Group companies and is active in the field of investment products. Following the absorption of Ktimatiki Mutual Fund Management S.A. Diethniki manages 16 mutual funds, which are made available to the Group's customers through the Bank's extensive branch network.

In 2002, following recent legislative changes, emphasis was placed on the management of the assets of insurance funds, particularly since this sector offers considerable scope for growth. In May 2002, after winning

the contract competition, the Group undertook the management of part of the reserves of the TAP-OTE insurance fund, totaling €86.7 million. Moreover, in February 2003, the Bank was selected along with another Greek bank to co-manage the assets, totaling €328 million, of the mixed mutual fund of IKA, the Social Insurance Foundation.

Furthermore, the Group sought to launch new mutual funds that invest in foreign equities, and limit to some extent potential losses. These products (NBG Synesis Funds-SICAV and NBG International Funds SICAV) comprise a range of jointly managed umbrella funds and are an innovation in the Greek market. During the course of 2002 a further mutual fund product, NBG Global Equity Fund, was also launched.

Since the end of 2002, the bank's private banking business has been revitalized. It aims to provide top quality investment services to high net worth individuals and to meet their specialized investment requirements. In this context, private banking is launching three new units in Athens, Thessaloniki and London, with a view to attracting and serving the more sophisticated customers in this business segment.

In order to enhance transactional efficiency, customers will be provided with direct access to their current investment positions. A new computer system is being set up for automated monitoring of such positions and printing of the relevant statements.

Treasury Activities

The Bank and each of its banking subsidiaries carry on their own treasury activities. These activities include:

- Greek government securities trading;
- foreign exchange trading;
- interbank trading in euro and other currency deposits;
- foreign exchange forwards trading;
- repurchase agreements; and
- derivative products, such as options and interest rate and currency swaps.

In general, the Bank and its subsidiaries enter into derivatives transactions for hedging purposes or in response to specific customer requirements. The Bank also trades actively on a proprietary basis, primarily foreign currency spot trades and in euro-denominated Greek government securities.

The Group is the principal trader of Greek government and corporate debt. For the second consecutive year, it was ranked first among 18 primary dealers in Greek government securities traded electronically through the Electronic Secondary Securities Market. In addition, the Bank was the first Greek bank to participate in EuroMTS, the pan-European electronic trading platform for government and quasi-government Eurobenchmark bonds.

Other Financial and Related Services

The Bank also offers a wide range of other financial and related services, directly through the Bank or indirectly through specialized subsidiary companies. These services include:

- leasing;
- factoring;
- consulting and professional training; and
- real estate management and warehousing.

Insurance

The Bank provides insurance services through its subsidiary, Ethniki Hellenic General Insurance Company S.A. ("EH"). EH offers life, accident, health, fire, calamity, credit, car, ship, airplane and cargo insurance. The market share of EH in the non-life, automobile and life insurance sectors is estimated at 21.2 per cent., 24.4 per cent. and 15.8 per cent. respectively. In 2002, life insurance premium production increased by 7.8 per cent., totaling €219.7 million as against €203.8 million in 2001, while non-life insurance premium production rose by 11.4 per cent., totaling €370.4 million versus €332.5 million in 2001. The unfavorable climate prevailing in the Greek capital market had an adverse impact on investments. At the end of

2002, an increase in EH share capital by €60.25 million was undertaken, as a measure to enhance its solvency margin.

International Operations

The Group, through the Bank and its six banking subsidiaries in the United States, Canada, South Africa, Cyprus, Bulgaria and the Former Yugoslav Republic of Macedonia, operates in 18 countries on four continents. This international network comprises 255 units outside the Hellenic Republic, which offer traditional banking services and financial products and services and four overseas representative offices. In April 2000, the acquisition of Stopanska Banka, based in Skopje in the Former Yugoslav Republic of Macedonia, was completed. Finally, in July 2000 the Bank acquired approximately 90 per cent. of the United Bulgarian Bank (“UBB”).

The Bank’s international banking operations include a wide range of traditional commercial banking services, such as extensions of commercial and retail credit, trade financing, foreign exchange and taking of deposits. In addition, the Bank offers shipping finance, investment banking and brokerage services through certain foreign branches and subsidiaries.

As at December 31, 2002, the Bank’s international activities (excluding those of subsidiary companies) accounted for 11.5 per cent. of its total assets.

The Bank’s presence abroad has tended to center on areas with strong concentrations of Greek immigrants to whom the Bank provides traditional banking services. The Bank’s policy, going forward, is to rationalize its international network and to focus on the Bank’s regional strength in southeast Europe.

Strategy of the Bank

The Bank’s primary strategic objectives are to secure and expand its position as the leading provider of financial services in the Hellenic Republic, to enhance its profitability and operating efficiency and to expand selectively both inside and outside the Hellenic Republic, especially in Southeast Europe including the Balkan countries.

The Bank intends to achieve these objectives by:

- continuously enhancing revenue generation;
- reducing cost and further streamlining the operating structure to improve efficiency;
- pursuing appropriate growth opportunities both domestically and abroad; and
- continuing to improve the quality of the assets in the Bank’s portfolio.

The Bank intends to implement these strategic objectives in the following ways:

Increase Revenue Generation

Lending to Higher Margin Sectors of the Market

The Bank has a long standing policy of reducing its investment in low yielding assets and targeting market segments with high growth potential such as mortgage and consumer lending and lending to professionals and small businesses.

In the first half of 2002, the Bank separated out the credit activities to professionals and small businesses with average annual turnover of up to €1 million. These activities have been included in the Bank’s retail banking operations. The principal aim is to enhance the quality of service offered to customers and advance the Bank’s penetration into the professional credit segment.

At the end of 2002, retail banking, which includes credit to professionals, represented 44 per cent. of the Group’s loan portfolio, compared with 38 per cent. at the end of 2001. This trend reflects management’s strategy to increase loans as a percentage of total assets and to improve the loans-to-deposits ratio. Specifically, in 2002, consumer credit balances (credit cards, consumer and personal loans) increased by 25 per cent. and mortgage credit grew by 23 per cent. The Bank’s initiative to increase professional credit also led to a 35 per cent. increase in the relevant portfolio in the last eight months of 2002. Regarding corporate credit, the Bank continues its cautious policy for further expansion in funding large enterprises. In 2002, loan balances to medium-sized companies increased by 15 per cent. as a result of the Group’s sustained efforts to expand its market share in this sector.

This increase in lending in higher margin segments, together with higher spreads on most retail lending products, resulted in an increase of 6.5 per cent. of the Group's net interest income.

Cross-Selling the Group's Products through the Branch Network

The Group companies provide a wide range of banking, insurance, asset management and investment products to the retail customer as well as specific financial services (leasing, factoring, underwriting and treasury activities) to small and large corporate customers. The Bank believes that it can enhance its revenue by capitalizing on its cross-selling capacity.

Increasing the Group's Fee-Related Activities

The Bank places great emphasis on fee generating activities, despite the unfavorable conditions prevailing in the domestic and international capital markets, which have caused capital market related fee income (including fees on investment operations, custodian services and brokerage) to drop by approximately 29 per cent. In 2002, the Group has managed to increase marginally its commission income by 1 per cent. In 2002, strong expansion in retail lending as well as the modest repricing of several retail services supported growth in retail banking commission by 10 per cent.

The Group intends to increase its revenues from fund management by expanding both total funds under management, as well as the number of funds offered to the public, and by pursuing a more aggressive marketing strategy. At the end of 2002, funds managed by Diethniki Mutual Fund Management Company were €4.2 billion, which represented 16.7 per cent. of the market in Greece. In addition, since the end of 2002, the Bank and Diethniki have been marketing the products of their newly established Luxembourg mutual fund subsidiaries, NBG Luxfinance Holdings S.A. and NBG Luxembourg Holdings S.A., to the Greek public. These companies manage NBG International Funds SICAV and NBG Synesis Funds SICAV, which include umbrella funds that offer a broad range of investment options in equities, bonds and money market instruments.

Improving Efficiency

Reducing Cost and Reorganizing Operating Structure

The Bank intends to improve its efficiency and further strengthen its profitability by implementing a strict cost containment program and streamlining operations.

Cost containment puts particular emphasis on restraining personnel expenses by limiting hiring and cutting back on overtime. The Bank intends to continue to rely on strict hiring controls and attrition to reduce the total number of employees. In the period 2000-2002 the Bank implemented three voluntary early retirement programs that led to the reduction of personnel by a total of 1,397 people.

The cost of the latest plan, during which 725 employees left the Bank and ETEBA, the Bank's investment banking subsidiary (which was merged into the Bank in December 2002), amounted to approximately €28.5 million, whereas the corresponding annual wage cost for the departing personnel would have been in excess of €40 million. During the same period, 190 employees left the Bank through attrition. The same policy was implemented with success by the Bank's foreign branches and subsidiaries, resulting in the departure of a further 610 employees.

Reorganization of operations took the form of consolidation and restructuring of certain group companies. For example, the Bank's mortgage lending activities have been consolidated and are now managed directly by the Bank. In late 2002, the Bank absorbed its investment banking arm ETEBA and all investment banking activities are now carried out by the Bank.

The Bank continues divesting non-core equity investments and real estate, which are unrelated to the principal financial services businesses of the Bank and commit the released resources to profitable core financial activities. During the period 1996 to 2002 the Bank disposed of approximately €1,042 million of non-core assets (including real estate).

Restructuring the Branch Network

The Bank is currently implementing a restructuring program with respect to its branch network. The Bank has carried out extensive reorganization of its branch network with the view to improving customer service and enhancing the efficiency of banking procedures and services. A key component of the program is the upgrade of both the physical aspects of the network and the professional quality of its staff, the focus being on product orientation, improved customer service, marketing and sales skills and centralization of back-office procedures.

In 2002, the Bank's network restructuring program was brought near to completion. At the end of 2002, the Bank's domestic network numbered 590 branches, of which the 210 full banking and 125 retail banking branches have been fully restructured. Besides offering mainstream banking products, the Bank's full banking branches offer investment products, consumer, mortgage and business credit, and import-export products. The retail banking branches, besides mainstream banking products, offer investment products and consumer and mortgage credit. During the course of 2003, approximately 160 of the Bank's branches will also be incorporated into this new banking model. Of the Bank's "large" branches, three were restructured in 2002, while the restructuring of the remaining seven will be completed in 2003. Altogether, some 338 branches have already undergone restructuring. They incorporate, allowing for variations across types of operation, 66 per cent. to 94 per cent. of the Bank's business volume and employ 75 per cent. of the network's staff.

Improving Technological Capacity

As a long-term investment to improve operating efficiencies and increase profitability, the Bank commenced a program of upgrading its information technology systems beginning in 1996. The Bank has implemented a new loans and deposits management system ("IRIS"). The system, which is currently operational for all mortgages and consumer loans, will enable the Bank to better manage its products and improve customer service.

Pursue Internal and External Growth Opportunities

Although the Bank intends to grow organically, it will, nevertheless, continue to evaluate attractive acquisition, joint venture and partnership opportunities. The Bank has followed the same course as in recent years and will continue to pursue a leading role in the domestic banking system and further strengthen its presence in international markets. The Bank intends to adhere to its policy of pursuing only those acquisition targets that its management believes are consistent with its strategic focus and which will add value to shareholders in the medium to long term without jeopardizing its business plan targets. Potential acquisitions are intended to increase the Bank's international banking presence as well as its presence in the areas of investment banking and private equity.

Improve Asset Quality

The Bank intends to continue the improvement in the quality and profitability of assets through the reduction in the level of non-performing loans and other non-performing assets in its portfolio.

The Bank has made significant provisions and write-offs in recent years to cover non-performing loans, other losses inherent in the loan portfolio and equity investments, and intends to continue to provide for such exposures arising in the future, taking into account the level of collateral. As a result of its provisioning and write-off policy, the percentage of non-performing loans in the Group's portfolio fell from 14.7 per cent. at the end of 1996 to 7.0 per cent. at the end of 2002. Net NPLs (non-performing loans after provisions) have fallen to 2.0 per cent. of total loans and are fully covered by collateral.

Financial and Operating Review

Overview

The discussion below is based upon the Greek GAAP accounts of the Group for 2002 and 2001. In 2002, the Group operated in an environment of declining interest rates, which had the effect of reducing both interest income and interest expense, notwithstanding an increase in the Group's loan portfolio. In addition, the securities markets experienced a general decline, adversely affecting the value of the Group's securities portfolio and its profits from debt and equity trading. For a discussion of the Group's results in the first quarter of 2003, see "— *Recent Developments*" below.

The Bank also publishes financial statements in accordance with U.S. GAAP. See "Documents Incorporated by Reference" above and pages 99 to 104 below.

Net income and total shareholders equity of the Bank have historically been significantly lower when calculated in accordance with U.S. GAAP compared to the corresponding amounts determined in accordance with Greek GAAP. By way of illustration, the Bank's consolidated net income in 2002 was €213 million in accordance with Greek GAAP, but was €127 million in accordance with U.S. GAAP. Similarly, at December 31, 2002, total consolidated shareholders equity (including minority interest) was €2,584 million in accordance with Greek GAAP, but was €1,466 million in accordance with U.S. GAAP.

Results of Operations

Total Income. Total group income decreased by €263.8 million or 13.8 per cent., from €1,912.9 million in 2001 to €1,649.1 million in 2002. This decline was driven principally by a decline in trading gains (principally representing bond and equity trading) of €307.0 million. Excluding gains on trading, group income increased 2.8 per cent. to €1,565.9 million during 2002, compared to €1,522.7 million in 2001.

Net interest income was €1,183.3 million in 2002, an increase of 6.5 per cent. over €1,111.0 million in 2001. Net interest margin remained unchanged at 2.43 per cent. for each of 2001 and 2002. This reflects the continued improvement in interest income through the course of the year, which is primarily attributable to the improved asset mix. Commissions income remained stable (€374.5 million in 2002 compared to €371.3 million in 2001), with declines in investment banking fees and commissions (€43.1 million in 2002 compared to €60.7 million in 2001) being offset by increases in retail banking commissions (€139.2 million in 2002 compared to €121.8 million in 2001).

Net profit on financial operations (i.e., trading gains) fell by €307.0 million or 78.7 per cent., from €390.2 million in 2001 to €83.2 million in 2002, driven by a €207.8 million decline in gain on bond trading, a €62.6 million decline in gains on equity trading and a €24.1 million loss arising in 2002 on the revaluation of the portfolio of the National Investment Company which is consolidated with the equity method.

Operating Expenses. Group operating expenses increased 2.4 per cent. to €1,182.9 million in 2002 compared to €1,155.5 million in 2001. This reflected a decrease in staff expenses, the largest component of operating expense (from €721.5 million in 2001 to €717.8 million in 2002), offset by an increase in other administrative expenses (from €283.1 million in 2001 to €299.8 million in 2002).

Group Profit. Profit before tax decreased €348.9 million or 49.9 per cent., from €698.7 million in 2001 to €349.8 million in 2002. A €30.2 million or 17.3 per cent. decrease in provisions for doubtful debts (reflecting the improved quality of the Bank's loan portfolio) was offset by a €12.9 million or 9.3 per cent. increase in fixed assets depreciation, a €29.4 million or 172.8 per cent. increase in extraordinary charges and a €58.3 million or 62.2 per cent. reduction in extraordinary profit. Taxes fell by €92.2 million or 43.1 per cent., although the Group's tax rate increased from 30.6 per cent. in 2001 to 34.8 per cent. in 2002. Profit after tax decreased €270.6 million or 55.9 per cent., from €483.8 million in 2001 to €213.2 million in 2002.

Balance Sheet Items

Assets. Total group assets were €54,095.7 million at December 31, 2002, an increase of 2.4 per cent. over €52,840.1 million at the end of 2001. Loans and advances to customers increased by 7.0 per cent. from €19,251.8 million in 2001 to €20,607.5 million in 2002. This increase was driven principally by a €1,100.4 million (or 22.9 per cent.) increase in residential mortgage credit and a €500.8 million (or 24.9 per cent.) increase in consumer credit. Notwithstanding the growth in lending, loans in arrears remained constant, at €1,426.4 million for 2002 compared to €1,405.6 million for 2001. As a percentage of total loans, loans in arrears fell to 7.0 per cent. in 2002 compared to 7.4 per cent. for the prior year.

Liabilities. Group liabilities other than equity were €51,511.3 million at the end of 2002, an increase of 2.5 per cent. over €50,261.7 for 2001. Group liabilities other than equity and subordinated liabilities were €50,761.3 million at the end of 2002, an increase of 1.4 per cent. over €50,056.3 for 2001. Amounts owed to customers remained stable at €44,801.4 million for 2002 and €44,812.6 million for 2001. This reflects a 14 per cent. increase in repos offset by a 1.9 per cent. decrease in customer deposits, which was driven by a €1,239.3 million decrease in time deposits which in turn was partially offset by a €1,062.6 million increase in savings deposits.

Equity. Group equity was €2,584.4 million at December 31, 2002, compared to €2,578.4 at the end of 2001. The share capital of the Bank rose from €1,026.4 million in 2001 to €1,043.4 million in 2002 due to the merger by absorption of ETEBA. During the course of the 2002 financial year, a loss of €211.3 million, resulting from the valuation of the bank's trading portfolio, was offset by gains of €211.8 million resulting from the restatement of the value of NBG's core real estate portfolio at its tax objective value. Tax objective value is computed by reference to specific tax rules and is deemed to be, for tax purposes, the minimum value at which real estate transfers are effected in Greece.

Per Share Information and Key Ratios

Group earnings per share declined to €0.93 in 2002 from €2.12 in 2001. Dividends per share of the Bank declined from €1.10 in 2001 to €0.45 in 2002 and the dividend yield (based upon the share price at December 31) fell from 4.1 per cent. to 3.3 per cent.

Return on average equity of the group (after tax) fell from 18.7 per cent. to 8.7 per cent. and return on average assets (before tax) fell from 1.4 per cent. to 0.7 per cent.

The cost/income ratio increased to 71.7 per cent. in 2002 from 60.4 per cent. in 2001, driven by the decline in net profit on financial operations. Excluding this item, the cost/income ratio improved from 75.9 per cent. in 2001 to 75.5 per cent. in 2002.

Net interest margin remained constant at 2.4 per cent., although the ratio of loans after provisions to total assets increased from 34.5 per cent. in 2001 to 36.2 per cent. in 2002.

The Bank's total capital ratio increased from 11.3 per cent. in 2001 to 12.6 per cent. in 2002 (compared to a minimum of 8 per cent. established by the Bank of Greece). This increase was principally due to an increase in tier II capital following a €750 million subordinated debt issue which replaced a previous subordinated debt issue of U.S.\$200 million. The Group's total capital ratio increased from 10.2 per cent. to 10.4 per cent..

The Bank's tier I capital ratio decreased from 9.9 per cent. in 2001 to 9.5 per cent. in 2002 (compared to a minimum of 4 per cent.). This was principally due to NBG's merger by absorption of its subsidiaries ETEBA and BNG France, which resulted in a capital reduction equal to the goodwill created by the mergers, and a 10.8 per cent. increase in the risk-weighted assets of NBG's trading portfolio as a result of the mergers. The Group's tier I capital ratio fell from 9.0 per cent. to 7.4 per cent., due to the merger of ETEBA, the regulatory consolidation of National Real Estate and the regulatory and accounting consolidation of National Investment Company.

The ratio of loans after provisions to total assets increased from 32.6 per cent. to 35.2 per cent. for the Bank.

Loan Portfolio

During the 2002 financial year, the Bank's loan portfolio continued to expand, driven principally by growth in retail banking and lending to small and medium-sized enterprises (SMEs).

Consumer lending. Consumer loans increased 22.2 per cent., from €997.0 million in 2001 to €1,218.3 million in 2002, representing 6 per cent. of the total loan portfolio. Credit cards also experienced significant growth, with year-end balances increasing 32.1 per cent., from €779.7 million in 2001 to €1,030.1 million in 2002, and number of cards outstanding growing 27.0 per cent., from approximately 865,000 in 2001 to approximately 1,098,000 in 2002. Mortgage lending increased 22.3 per cent., with year-end balances rising from €4,613.6 million to €5,640.0 million.

Business Lending. The number of the bank's large corporate customers increased by 14.0 per cent. in 2002, although loan balances decreased by 4.0 per cent. SME loan balances increased 15.0 per cent. and SME customers increased by 10.7 per cent. Shipping finance increased customer numbers by 8.9 per cent. and the size of the loan portfolio by 11.4 per cent.

Arrears, provisions and write-offs. At the end of 2002, loans in arrears represented 6.6 per cent. of NBG's loan portfolio, compared to 7.0 per cent. in 2001. The table below sets out a comparison of loans in arrears, provisions and write-offs during the two years:

	2002			2001(1)		
	<u>In arrears</u>	<u>Provisions</u>	<u>Write-offs</u>	<u>In arrears</u>	<u>Provisions</u>	<u>Write-off</u>
	€ in millions					
Business loans	689	522	62.6	766	543	91.5
Consumer loans & credit						
cards	152	104	2.0	119	80	1.2
Mortgage credit	338	178	29.5	253	155	0.7
Other provisions		34			54	
Total	<u>1,179</u>	<u>838</u>	<u>94.1</u>	<u>1,138</u>	<u>832</u>	<u>93.4</u>

(1) Including ETEBA and NBG France, which were absorbed into the Bank in December 2002.

Employees and Labor Relations

At December 31, 2002 the Bank employed a total of 14,707 full time equivalent staff, while the Group had 20,146 employees. Virtually all of the Bank's staff are members of one or other of the various unions operating within the Bank. All these unions fall under the umbrella of a general union of employees in the banking sector ("OTOE") and, ultimately, the General Union of Greek Workers to which, accordingly, most members of staff are affiliated. Collective bargaining arrangements are normally made, on the basis of guidelines set by the Greek Government, between the association of Greek banks and OTOE and then implemented by each bank (including the Bank) in agreement with its own unions. In common with other banks in the Hellenic Republic, the Bank has experienced a number of strikes and other industrial action in the past although there have been no stoppages or other industrial action other than a limited number of one-day country-wide strikes. In general, the Bank considers its relations with its employees and with the unions to which they belong to be good.

Information Systems

In 1999, the Bank significantly upgraded its centralized network and branch infrastructure, and installed a Wide Area Network based on Windows NT software. All of the Bank's operations, at both the branch and centralized levels, are supported by this technology. These systems are being progressively introduced to the other companies in the Group, such as National Insurance. The Bank also adopted new custodian and treasury systems for improved customer services management in 1999. Furthermore, the Bank has implemented SAP for accounting, procurement, real estate and human resource management.

The Bank is making further technological investments in improving efficiency, including its investment in the "IRIS" program, an integrated retail banking system purchased from IBM, which supports the Bank's retail credit operations.

The Bank has also installed Sendero's Asset and Liability Management system, which is a software application that assists overall strategic planning, management of balance sheet items and the development of new lines of products and services. Additionally, the Bank is currently implementing an advanced enterprise-wide risk management system by Algorithmics.

Risk Management

Risk management policies for the Group are established by the Group's Risk Management Council (the "RMC") which is composed of senior management of the Group (the Governor and Deputy Governors of the Bank). The RMC is responsible for all strategic risk management decisions including determining risk policies, capital allocation and risk parameters.

The Risk Management Division (the "RMD") is charged with protecting the Group against unforeseen losses and maintaining earnings stability through independent identification and assessment of risks, developing an organizational structure for the Group under best banking practices for risk management, developing transparent, objective and consistent risk management information as the basis for sound decision making and maximizing the Bank's earnings potential by measuring performance on a risk-adjusted basis and allocating capital accordingly. In addition, the RMD is responsible for providing the RMC and the GRCs with accurate data and analysis required for measuring, monitoring and managing risks facing the NBG Group and for supporting

the implementation of risk management decisions. The Group Treasury Department takes risk positions (i.e., foreign exchange, interest rates, securities) under limits and guidelines established by the RMC.

Credit Approval Process and Credit Review Policies

The loan approval process is conducted separately by the Bank and each of its subsidiaries with respect to loans extended by each of them. The loan approval process for the Bank is centralized. There are separate credit divisions for corporate and non-corporate loans and a special division for shipping loans. The Bank's credit divisions are run by senior managers and are responsible for large corporate clients and the credit centers. Loans in excess of €10 million but less than €100 million must be approved by the Bank's Credit Committee, which is composed of the deputy governor of the Bank who supervises commercial credit, two general credit managers and three senior credit managers of the Bank. Loans in excess of €100 million must be approved by the Bank's Senior Business Council, as well as all loans to the mass media and political parties. Loans in excess of €50 million are notified to the Bank's Board of Directors. The Bank's Credit Committee also has the authority to restructure loans of up to €30 million. Any loans over €30 million may be restructured by the Bank's Senior Business Council.

Commercial credit decisions are based primarily on the customer's operational sources of repayment, an assessment of the customer's operational cash flow as well as an analysis of the customer's investment and financing decisions. Credit analysis is assisted by the use of decision support models. Collateral value is also considered in making commercial credit decisions. In the case of its corporate customers, the Bank's total exposure to each customer, the condition of the industry in which the customer operates, and the capital structure and quality of management of the customer are all taken into account. Before credit is extended to a corporate customer, a credit report relating to each borrower is prepared by a special department of the relevant credit division of the Bank and reviewed by the appropriate approving body. Large corporate loans and loans for investment programs are evaluated using feasibility studies prepared by the Bank.

In order to standardize lending criteria, the Bank has created small business credit centers in Athens, Thessaloniki and Patras. These small business credit centers cater to small business clients with less than €1 million in turnover and handle all of the Bank's small business credit applications in Greece. The Bank has two additional business banking centers in Athens and Thessaloniki which handle all credit applications from "middle-market" clients with turnover between €1 million and €50 million which require loans of €7.3 million or less. These centers are staffed by lending teams which consist of a relationship manager and a credit underwriter. The relationship manager acts as the Bank's specialist for these companies and seeks to expand the Bank's share in this market, while the credit underwriter undertakes the analysis associated with the granting of credit.

Consumer credit decisions are based mainly on a credit scoring system whereby consumer creditworthiness is evaluated by assigning points to various attributes of the credit applicant such as age, marital status, property ownership status, occupation, annual income and any pre-existing relationships with the Bank.

The Bank bases its lending decisions with respect to consumer loans on a scorecard application, provided by Statistical Decisions. However, for all credit extension decisions, NBG's total exposure to the customer is considered. The Bank has also introduced programs for pre-approval of certain consumer credit facilities.

Mortgage lending is done through a centralized loan approval process which was established by NMB prior to its merger into the Bank. Mortgage loan applications up to €70,000 must be approved jointly by the relevant Head of Department and Section. Applications up to €180,000 must be approved by the relevant Deputy Division Manager and the Head of Department or Section supervisor. Applications up to €1,000,000 are approved by the Division Manager and the relevant Deputy Manager or the Head of Department. Mortgage loan applications in excess of €1,000,000 have to be submitted for approval to the Deputy Governor supervising the Mortgage Credit Division.

The income of the borrower is now the primary criterion for approving mortgage loans. However, the Bank will also consider (in line with its previous practice), to a lesser extent, factors other than income and collateral value in making credit decisions, including whether the applicant has significant deposits with the Bank and the extent of its assets including real estate.

The Bank secures nearly all mortgage loans with pre-notation filings (*prosimiosi*) which are now the norm in Greece and are less expensive and easier to record than mortgages. *Prosimiosi* may be converted into full mortgages following a court order which can be obtained at the request of the Bank in the event of a default. The Bank and, prior to the merger, NMB have been using these pre-notation filings since 1991. Collateral is taken in connection with all the Bank's mortgage loans. The value of the collateral taken by the Bank is normally

130 per cent. of the amount of the loan. Given the steady increase in property prices in Greece over the last decade the current value of the collateral greatly exceeds this figure.

The credit policies are communicated throughout the Bank by way of credit manuals and circulars, supplemented by bulletins and local directives on particular issues.

Currently the credit review process is conducted separately by the Bank and each of its subsidiaries. The Group has implemented systematic controls and monitoring of credit risk and market risks. The Group has formed a Group Risk Management Council to establish Risk Management Policies throughout the Group. Each of the credit review procedures established by the banks in the Group is coordinated by the Group's Risk Management Division.

The credit review process for the Bank is managed centrally by the Risk Management Unit which works closely with the centralized underwriting units responsible for the relevant loans. Under the Bank's risk rating system, corporate exposures are grouped into eight risk classes and in each class a risk factor has been assigned. Low risk borrowers are often offered more favorable terms, while loans to high risk borrowers generally require third party guarantees and extra collateral. Risk classes are assigned to borrowers based primarily upon the following criteria: (i) the viability of the business; (ii) the progress of the borrower's activities and its financial results; and (iii) the financial structure of the borrower based on quantitative indicators such as the borrower's equity/debt ratio, liquidity, inventory turnover and accounts receivable. Qualitative factors are also taken into consideration, such as management quality, management succession plan and management integrity. In addition, the Bank considers the borrower's position in its industry sector and the relative position within its peer group.

The Bank's credit exposure to each borrower is subject to a detailed review at least annually (semi-annually in the case of high risk borrowers), with all facilities outstanding being reviewed at the same time. In certain cases, due to credit considerations or for transactional reasons, such as the anticipated expiration of a letter of guarantee, an interim review may be undertaken. Interim reviews are also undertaken following a late payment if there are implications that may affect the course of business of the borrower or indications relevant to the borrower's creditworthiness. In the case of term loans, exposures to borrowers engaged in start-up projects and those posing special risks as a result of company or industry difficulties or otherwise, more frequent reviews are generally undertaken. Such reviews are undertaken by the loan officers responsible for the customer. Credit reviews include consideration of the customer's historical and forecast trading performance, balance sheet strength and cash flow, together with relevant industry trends and other external influences. These matters are considered in relation to the size, structure and maturity of the Bank's exposure in conjunction with the nature of any security held. When the Bank determines, as a result of this process, that a borrower poses a risk, it takes the appropriate action to limit its exposure as well as to downgrade all the outstanding facilities. For example, as in most corporate borrowings, repricing is subject to renewal on a semi-annual basis, the Bank can increase its collateral level, reset the interest rate at a higher level or decrease the credit limit. In addition, the credit officer responsible for the customer will intensify the monitoring of these cases. When the review process results in the migration of the facility in a high-risk class, either the outstanding facility will be restructured or future lending and renewals of existing lines will be rejected. With respect to the risk rating categorization, a coefficient analysis is performed on all commercial and corporate loans. At the conclusion of this analysis, the provisioning policy of the Bank has been completed. There is a different treatment for certain exposures classified in the four highest risk classes, where a case-by-case evaluation is conducted. This action safeguards the Bank for the adequate provisioning of the high-risk exposures.

Trends in the loan book, including business development, asset quality and provisions for bad and doubtful debts, are reported regularly to the Board of Directors. The Bank also maintains an internal watchlist of commercial loans whose principal and interest payments have not been paid for up to three months, but which have not yet been classified as non-performing loans. Credit officers responsible for customers on this watchlist must take action in order to prevent the relevant loans from becoming non-performing and must report monthly on their progress.

With respect to mortgage loans, the underwriting process is centralized and is conducted by the Mortgage Credit Division. The Monitoring process is a responsibility of the branch where the application took place. The initial exposures are fully covered by the property itself, with a minimum ratio of 1.2. The provisioning policy is in compliance with the Greek legislation and the Credit Risk Unit closely watches any turbulence in the sector.

Asset and Liability Management

The Group's asset/liability and risk management policy is designed to structure its balance sheet in order to control exposure to liquidity, interest rate and exchange rate risks, as well as to enable the Group to take advantage of market opportunities which it believes may contribute to its profits.

Currently, the asset/liability management policies of the Bank and the other banks in the Group are planned and implemented separately. The Bank's Asset and Liability Committee, "ALCO," is responsible for determining the broad asset/liability management of the Bank and for supervising their implementation. This committee is currently comprised of the Governor and Deputy Governors of the Bank and the directors of the Bank in charge of asset allocation functions and meets every month. Day-to-day asset/liability management is delegated to the Bank's Treasury Department, which is divided into several operating units. The subsidiaries of the Bank follow asset and liability management policies similar to those of the Bank.

Capital Adequacy

The Bank has taken measures to strengthen its capital base in connection with the modification of its asset mix, to comply with Greek capital adequacy requirements as set by the Basle Committee on Banking Supervision under the Capital Adequacy Directive relating to market risk, and to selectively expand its operations. On June 25, 2002, the Bank raised €750 million through the issuance by NBG Finance plc of subordinated floating rate notes due 2012, guaranteed by the Bank, and on June 27, 2002, redeemed the U.S.\$200 million of subordinated notes issued in 1997. This had the net effect of increasing the Bank's tier 2 capital by approximately €550 million.

At the end of 2002, the Group's Total Capital Ratio rose to 10.4 per cent. from 10.2 per cent. in 2001, while the tier 1 Capital Ratio fell to 7.4 per cent. from 9.0 per cent. in 2001. The decrease was due to the combined effect on regulatory capital of three factors:

- NBG's absorption of subsidiary ETEBA (to the extent that the corresponding minority rights are concerned);
- the regulatory consolidation of National Real Estate; and
- the consolidation of National Investment Company, on the basis of the equity method.

Furthermore, in 2002, internal VaR models for measuring market risk were accepted into the Greek regulatory framework governing capital requirements (as per Bank of Greece Governor's Act 2494/27.05.2002). In view of the fact that approval of NBG's internal VaR model by the Bank of Greece is now pending, this development should have a favorable impact on the capital ratios of the Bank.

Recent Developments

Set out below is the English translation of the text of a press release in relation to the results of the Group as at and for the three months ended March 31, 2003. The results have not been audited. The press release was issued by the Bank on April 23, 2003.

“NATIONAL BANK OF GREECE

PRESS RELEASE

First quarter 2003 results

Athens, April 23, 2003

National Bank of Greece announced today the results of the Group and the parent company for the three-month period ended March 31, 2003.

NBG Group profit before tax and after minorities totaled €112.0 million in Q1 2003, up 28 per cent. on the average for the four quarters of 2002 and 52.4 per cent. on a q-o-q basis. Compared with the corresponding period in 2002, profit before tax and after minorities declined by 17.8 per cent. due to the non-recurrence of the high trading gains posted in Q1 2002. If extraordinary results (which burdened Q4 2002 disproportionately) are excluded, Q1 2003 Group profit increased by 22.9 per cent. q-o-q, and by 2.9 per cent. compared with Q1 2002. This positive trend reflects an improvement in core income, a drastic decline in operating expenses and continued expansion in retail banking activities.

The marked improvement in core profitability is underscored by the following:

Group net interest income amounted to €316.2 million in Q1 2003, growing by 15.1 per cent. compared with the respective period in 2002 and by 2.7 per cent. on a q-o-q basis. This development reflects management's long-standing strategy to rebalance the composition of its assets with a view to improving the Group's ROA by gradually increasing the share of retail lending in the Group's assets. An important development in this respect is the marked improvement in the Group's net interest margin, which in Q1 2003 stood at 2.54 per cent. compared with 2.34 per cent. in Q1 2002 and 2.43 per cent. for full-year 2002.

The sustained growth in retail banking commissions more than offsets the decline in capital market and intermediation commissions. As a result (and despite the adverse market conditions), net commission income at the Group level advanced by 2.8 per cent. y-o-y and remained broadly unchanged (–1.2 per cent.) compared with the average for the four quarters of 2002.

The systematic efforts to contain costs made an important contribution to the Group's profitability. Operating expenses in Q1 2003 declined by 3.8 per cent. q-o-q and by 1.3 per cent. compared with the average for the four quarters of 2002.

Despite the increase in nominal wages as per the collective bargaining agreement, staff costs posted a decline of 1.5 per cent. compared with the average for 2002. This positive result is attributed to the completion, during the course of the year, of the voluntary early retirement plan at NBG and ETEBA, and successful staff management, more generally, at the Group level. Furthermore, administrative and other expenses declined compared with the average for the four quarters of 2002 and Q4 2002 by 0.9 per cent. and 10.4 per cent. respectively.

As a result of management's efforts to contain costs, there has been an improvement in the Group's cost/income ratio from 71.7 per cent. for full-year 2002 to 67.3 per cent. in Q1 2003.

At the end of Q1 2003, the Group's outstanding loans amounted to €20.5 billion, up slightly on December 31, 2002. Retail banking, which includes lending to SMEs and professionals, continues its dynamic expansion and represented 45 per cent. of the Group's loan portfolio at end-March 2003 as against 44 per cent. at end-2002. The corresponding figure for the parent Bank was 48 per cent. of total loans in March 2003 compared with 47 per cent. at December 31, 2002.

Specifically, consumer loan disbursements (consumer and personal loans) in Q1 2002 were up 30 per cent. on the corresponding period in 2002, broadly sustaining the high growth rates of the four quarters of 2002, with outstanding balances in consumer and personal loans growing by an annualized rate of approximately 15 per cent. The credit card segment continued to post growth, with new card issues in Q1 2003 close to 100,000 up 47 per cent. on Q1 2002.

Similarly, during Q1 2003, disbursements of mortgage loans grew by 26 per cent. vis-a-vis Q1 2002, maintaining the average level of disbursements posted for full-year 2002. With housing credit maintaining its growth, mortgage loans outstanding are increasing at a rate of around 13 per cent. on an annualized basis in Q1 2003, which, considering the substantial level of repayments arising from a relatively seasoned portfolio, is very satisfactory. The Bank's initiative in lending to professionals is also producing positive results, as the relevant portfolio grew by approximately 7.6 per cent. during the first three months of the year (30 per cent. on an annualized basis). In corporate lending, the Bank is continuing its conservative policy vis-à-vis further expansion in the sphere of credit to large corporates.

In Q1 2003, total liabilities to customers (deposits and repos) declined by 3.6 per cent. (y-t-d), negatively impacted by a 13.8 per cent. decrease in repo deposits. This decline, however, has been offset by growth in mutual funds (up 29.6 per cent. in the corresponding period). The growth in mutual funds increased the Bank's share in the mutual fund market by 4 percentage points during the first quarter. This trend is evidence of the gradual shift of Greek investors towards alternative investment products, and of the Group's ability to offer a wide range of deposit and investment options, as well as, private banking services to its customers.

Finally, the international network made a positive contribution to the Group's operating profitability, with pre-tax profits, excluding trading gains, increasing by 10 per cent. y-o-y.

Reflecting the above results, the Group's pre-tax Return on Average Equity stood at 17.9 per cent. compared with 14.3 per cent. for full-year 2002, while Return on Average Assets improved from 0.66 per cent. for full-year 2002 to 0.83 per cent. in Q1 2003.

The Group's capital adequacy ratio remains at a high level. According to provisional data, as at 31st March, 2003, the tier I Capital Ratio is estimated to be 7.8 per cent. and the Total Capital Ratio to exceed 11 per cent.

The proposal to the AGM for the capitalisation of reserves, when effected, will raise the tier I Capital Ratio to 8.2 per cent.

Group income statement

	<u>1Q.03</u>	<u>1Q.02</u>	<u>± %</u>	<u>4Q.02</u>	<u>± %</u>	<u>Avg.02</u>	<u>± %</u>
	million €						
Net interest income	316.2	274.8	+15.1%	308.0	+2.7%	295.8	+6.9%
Dividend income	5.1	4.2	+21.4%	3.6	+41.7%	5.0	+2.0%
Net commission income	84.0	81.7	+2.8%	88.5	-5.1%	85.0	-1.2%
Other operating income	5.9	8.8	-33.0%	7.2	-18.1%	7.2	-18.1%
Core income	411.2	369.5	+11.3%	407.3	+1.0%	393.0	+4.6%
Trading gains	31.8	66.2	-52.0%	22.3	+42.6%	19.3	+64.8%
Total income	443.0	435.7	+1.7%	429.6	+3.1%	412.3	+7.4%
Staff costs	(176.8)	(177.5)	-0.4%	(177.8)	-0.6%	(179.4)	-1.5%
Administrative & other expenses	(77.8)	(72.1)	+7.9%	(86.8)	-10.4%	(78.5)	-0.9%
Depreciation	(43.4)	(38.6)	+12.4%	(34.6)	+25.4%	(37.8)	+14.8%
Provisions	(34.2)	(37.4)	-8.6%	(37.1)	-7.8%	(36.2)	-5.5%
Profit before tax, minorities &	110.8	110.1	+0.6%	93.3	+18.8%	80.4	+37.8%
Minority interests	0.7	(1.7)	—	(2.6)	—	(0.8)	—
Profit before tax and extraordinary	111.5	108.4	+2.9%	90.7	+22.9%	79.6	+40.1%
Extraordinary income	0.5	27.8	-98.2%	(17.2)	—	7.9	-93.7%
Profit before tax	112.0	136.2	-17.8%	73.5	+52.4%	87.5	+28.0%

Group commission income

	<u>1Q.03</u>	<u>1Q.02</u>	<u>± %</u>	<u>4Q.02</u>	<u>± %</u>	<u>Avg.02</u>	<u>± %</u>
	million €						
Retail(1)	35.6	28.7	+24.0%	36.0	-1.1%	34.8	+2.3%
Corporate(2)	15.4	16.6	-7.2%	16.3	-5.5%	15.1	+2.0%
Asset management	8.5	7.5	+13.3%	6.2	+37.1%	7.0	+21.4%
Other(3)	23.0	25.0	-8.0%	28.2	-18.4%	25.9	-11.2%
Investment and capital markets(4)	10.0	10.0	—	13.6	-26.5%	10.8	-7.4%
Total commission income	92.5	87.8	+5.4%	100.3	-7.8%	93.6	-1.2%
Commission expenses	8.5	6.1	+39.3%	11.9	-28.6%	8.6	-1.2%
Net commission income	84.0	81.7	+2.8%	88.4	-5.0%	85.0	-1.2%

(1) Commissions on mortgages and consumer loans, credit cards, retail deposit account charges and telecommunication duties.

(2) Commissions on corporate loans, letters of guarantee, imports-exports and corporate account charges.

(3) Commissions on money transfers, foreign exchange transactions and other intermediation.

(4) Commissions on custodian services, brokerage and investment banking fees.

Group trading gains

	<u>1Q.03</u>	<u>1Q.02</u>	<u>± %</u>	<u>4Q.02</u>	<u>± %</u>
	million €				
Bond trading and hedging	30.3	70.8	-57.2%	25.0	+21.2%
Income from derivatives trading	(2.2)	(2.1)	+4.8%	1.5	-246.7%
FX trading	10.5	8.3	+26.5%	1.7	+517.6%
Equity trading	(4.9)	(8.8)	-44.3%	(4.8)	+2.1%
Dealing expenses	(1.8)	(1.9)	-5.3%	(1.1)	+63.6%
Total	31.9	66.3	-51.9%	22.3	+43.0%

Group loans

	<u>31.03.03</u>	<u>31.12.02</u> million €	<u>± ytd %</u>
Portfolios:			
Corporate loans	11,280.7	11,476.0	-1.7%
Small business / professionals	612.5	569.5	+7.6%
Consumer loans	1,450.3	1,398.0	+3.7%
Credit cards	1,084.8	1,046.7	+3.6%
Mortgages	6,086.5	5,900.5	+3.2%
Total loans	<u>20,514.8</u>	<u>20,391.3</u>	+0.6%
Corporate bonds	<u>2,581.0</u>	<u>2,667.9</u>	-3.3%
Total loans & corporate bonds (before provisions)	<u>23,095.8</u>	<u>23,059.2</u>	+0.2%
Provisions	<u>(1,027.1)</u>	<u>(1,012.0)</u>	+1.5%
Total loans & corporate bonds	<u>22,068.7</u>	<u>22,047.2</u>	+0.1%
Loans breakdown:			
Performing loans	19,061.3	18,964.9	+0.5%
Non-performing loans(1)	1,453.5	1,426.4	+1.9%
Total	<u>20,514.8</u>	<u>20,391.3</u>	+0.6%
Loan portfolio ratios:			
NPLs / Gross loans	7.1%	7.0%	
Net NPLs/ Gross loans	2.1%	2.0%	
Provision coverage	70.7%	70.9%	
	<u>31.03.03</u>	<u>31.3.02</u>	<u>+yoy %</u>
Bank disbursements:			
Mortgages	322.4	255.6	+26%
Consumer loans	194.9	149.9	+30%

(1) Under its accounting policies, the Bank classifies as non-performing consumer loans and credit card balances with overdue interest and/or principal for 100 days and over. Commercial and mortgage loans are classified as non-performing after 180 days.

Assets under management

	<u>31.03.03</u>	<u>31.12.02</u> million €	<u>± ytd %</u>
Deposits	36,491	37,372	-2.4%
Repos	6,231	7,231	-13.8%
Mutual funds	<u>5,486</u>	<u>4,232</u>	+29.6%
Total	<u>48,208</u>	<u>48,835</u>	-1.3%

Group key ratios

	<u>31.03.03</u>	<u>31.03.02</u>	<u>2002</u>
Net interest margin	2.54%	2.34%	2.43%
Return on average assets (ROAA)	0.83%	1.07%	0.66%
Return on average equity (ROAE)	17.9%	22.9%	14.3%
Efficiency (cost/income)	67.3%	66.2%	71.7%
Efficiency (adjusted for trading gains)	72.5%	78.0%	75.2%

THE BANKING SECTOR IN GREECE

Regulation and Supervision of Banking in the Hellenic Republic

The Bank of Greece, a member of the European Central Bank and of the European System of Central Banks, is the central bank in the Hellenic Republic. It is responsible for the licensing and supervision of credit institutions in the Hellenic Republic. The central bank grants a license only if the requirements of the EU Council's First and Second Banking Directives on the Authorization of Credit Institutions are met. Before these EU Directives took effect, banks in the Hellenic Republic were required to obtain prior authorization for significant organizational and operational changes, such as establishing subsidiaries, opening branches, expanding geographically and operating in foreign currencies. In contrast, the current system permits banks to engage in such activities without prior authorization of the central bank, subject to the notification of the central bank in certain cases and to compliance with minimum initial capital requirements. The applicable legal framework of the Greek banking system is similar to the Second Banking Directive.

The principal objectives of the banking regulations in the Hellenic Republic are the protection of depositors, the fulfillment of monetary policy objectives and the orderly distribution of credit. The EU Council's main directives on regulation of credit institutions have been adopted under Greek law, including:

- (i) The first (77/780/EEC) and second (89/646/EEC) Directives and their successive amendments on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions, which were implemented by Greek law 2076/01.08.1992;
- (ii) the Own Funds Directive (EU Council Directive 89/299), which defines a credit institution's regulatory capital and was adopted under Greek law pursuant to Act No. 2053/18.03.1992 of the Governor of the Bank of Greece;
- (iii) the Solvency Ratio Directive (EU Council Directive 89/647) and the amendments thereto which were adopted under Greek law pursuant to Act No. 2054/18.03.1992 amended by Acts No. 2479/27.08.2001 and No. 2512/30.12.2002 of the Governor of the Bank of Greece;
- (iv) the "Large Exposures Directive" (EU Council Directive 92/121) on the supervision and monitoring of large exposures of credit institutions, which was adopted under Greek law pursuant to Act No. 2246/16.09.1993 of the Governor of the Bank of Greece; and
- (v) the Second Consolidated Supervision Directive (EU Council Directive 92/30) on the supervision of credit institutions on a consolidated basis (amending the First Consolidated Supervision Directive) which was implemented by Presidential Decree 267/1995.
- (vi) the Capital Adequacy Directive (EU Council Directive 93/6) and the amendments thereto (EU Council Directive 98/31), which were fully implemented by Greek Laws 2396/1996, 2937/2001 and Acts No. 2397/07.11.1996 and No. 2494/27.05.2002 of the Governor of the Bank of Greece.

To prepare for the Hellenic Republic's participation in the European Monetary Union, significant changes were made to the regulatory framework of the central bank. In particular, its by-laws were amended to reinforce the central bank's independence from the Hellenic Republic and to provide for new enforcement powers to enable better supervision of credit institutions.

In accordance with Greek Law 2832/2000 in cases of breach of the new regulatory framework, the central bank has the power to impose sanctions against credit institutions. These sanctions may consist of a compulsory deposit equal to 40 per cent. of the amount of the violation, in a non-interest bearing account of the central bank or, if the amount of such violation cannot be determined, a compulsory interest free deposit of up to €8,804,109, in each case for up to one year and/or a fine payable in favor of the Hellenic Republic and calculated either as a percentage of 40 per cent. of the amount of the violation or as a one-off payment of €880,411 which may be increased to €1,467,351 in case of relapse.

Also pursuant to the new regulation, credit institutions and public authorities must supply the central bank with all information relating to credit control. The central bank has the power to inspect the books and records of credit institutions that are potential violators.

Structure of the Market

The banking sector has expanded rapidly in recent years, due to both deregulation and technological advances. As at December 31, 2002, there were 41 domestic and foreign banks and other credit institutions operating in Greece.

Domestic banks in Greece can be grouped into one of two principal categories: universal banks (commercial and/or investment banks) and specialized credit institutions.

Universal Banks

Traditionally, commercial banks have dominated the Greek financial services market. Recently, however, specialized credit institutions have expanded into commercial banking as a result of significant liberalization of the Greek financial services industry, thereby increasing competition in the market. The distinction between commercial and investment banks ceased to exist formally and the Bank of Greece classifies all banks operating in Greece as “universal banks,” with the exception of the Deposits and Loans Fund and the Postal Savings Bank (which are owned by the Hellenic Republic).

There are currently six banks which are controlled, directly or indirectly, by the Hellenic Republic. These comprise NBG, Emporiki Bank, General Bank, Bank of Attica, Agricultural Bank of Greece (which until 2001 was a specialized credit institution for lending to the agricultural sector, rather than a universal bank), and Investment Bank (the investment banking branch of Emporiki Bank). However, the recent trend appears to favor privatization of the industry. For example, in 1998, the Greek government privatized the Bank of Central Greece and Creta Bank, in early 1999, Ionian Bank and in 2002, ETBA. Additionally, a portion of the State’s indirect shareholding of General Hellenic Bank was sold to private investors in April 1998. The Bank of Piraeus subsequently absorbed the Bank of Macedonia-Thrace and Xios Bank, a private bank, in June 2000, creating the Piraeus Group. The Bank of Macedonia-Thrace was formerly state-controlled as well until the Group and the Hellenic Postal Savings Bank sold 37 per cent. of its total equity to the Bank of Piraeus, a private commercial bank, in April 1998. In 2000, France’s Crédit Agricole purchased a 6.7 per cent. interest in Emporiki Bank, which was further increased to 9.0 per cent., in connection with the Greek government’s privatization project, and acquired a right of first refusal to purchase any further stakes that may be privatized in the future. In March 2002, the Piraeus Group acquired a 57.8 per cent. interest in ETBA, which was previously a majority state-owned industrial development bank listed on the ASE.

There are currently 15 private banks incorporated in Greece. However, there has been a recent trend towards consolidation in the banking industry in Greece. For example, Ergobank S.A. and EFG Eurobank S.A. merged in July 2000 to form EFG Eurobank Ergasias. EFG Eurobank Ergasias acquired Telesis Bank in September 2001. In addition, since September 2000, Banco Commercial Portuguese, a Portuguese bank, is active in the Greek market through Nova Bank. Finally, at the end of 2002, the Bank absorbed ETEBA, the investment banking arm of the Group.

Specialized Credit Institutions

There are currently two such specialized institutions, following the reclassification of Agricultural Bank of Greece, Aspis Bank and ETBA as universal banks in keeping with the expansion of the ranges of their services. The remaining specialized credit institutions are the Deposits and Loans Fund (which is under the control of the Ministry of Finance and acts as the custodian of property pledged in the name of the Hellenic Republic) and the Greek Postal Savings Bank.

The Bank does not consider the Deposits and Loans Fund or the Greek Postal Savings Bank to be its competitor for commercial banking customers.

Foreign Banks

There are 18 foreign-owned or incorporated credit institutions that are well established in the Greek banking market. The principal participants in the industry, and the Group’s principal foreign competitors in Greece, include Citibank, HSBC, Hellenic Bank (a Cypriot bank) and Bank of Cyprus. Most of their businesses have focused upon treasury operations and large corporate lending. With the exception of the banks mentioned above, the majority of foreign banks operating in Greece have not been involved in retail banking services.

Competition

The Bank competes with other banks (including national, regional and foreign banks), financial services firms and a wide range of insurance companies in providing mutual fund services, capital markets and advisory services and insurance in Greece.

There were 39 universal banks in Greece (Greek and foreign financial institutions) at December 31, 2002. The top six banking groups in Greece accounted for approximately 91.5 per cent. of the total assets attributable to Greek banks as at that date. The largest foreign bank operating in Greece, Bank of Cyprus, had assets of

€4,055 million, as at the end of December 2002 (the latest date for which such information is available), which represents approximately 2.5 per cent. of total bank assets in Greece attributable to Greek universal banks. Foreign banks held approximately 9.0 per cent. of total bank assets in Greece (excluding specialized credit institutions) at December 31, 2002 (last date for which such information is currently available, according to our internal analysis of published financial statements). Management believes that this percentage has not changed significantly to date.

The table below shows the breakdown of assets, loans outstanding and deposits in the universal banking sector for the Bank and its five main competitors in Greece as at December 31, 2002. These figures exclude specialized credit institutions and have been compiled by the Bank on the basis of publicly available information. These figures also exclude foreign banks, as no official information with respect to the year ended December 31, 2002 is available to date for such banks.

Banks	Assets	% of total market	Loans	% of total market	Deposits	% of total market
	(€ in millions)		(€ in millions)		(€ in millions)	
1. National Bank of Greece . . .	49,161	30.3%	18,147	21.1%	41,446	33.0%
2. Alpha Bank	27,264	16.8%	15,782	18.3%	21,327	17.0%
3. EFG Eurobank Ergasias	23,305	14.4%	12,914	15.0%	16,641	13.2%
4. Agricultural Bank of Greece	16,801	10.4%	11,993	13.9%	12,966	10.3%
5. Commercial Bank of Greece	16,554	10.2%	10,101	11.7%	13,170	10.5%
6. Piraeus Group(1)	<u>15,265</u>	9.4%	<u>8,436</u>	9.8%	<u>9,649</u>	7.7%
Total attributable to domestic						
Universal banks	<u>148,350</u>	91.5%	<u>77,374</u>	89.8%	<u>115,200</u>	91.7%

(1) Bank of Piraeus and ETBA.

TAXATION

General

The summaries below are of a general nature based on current law and practice in each jurisdiction referred to. They relate only to the position of persons who are the owners of their Preferred Securities and may not apply to certain classes of persons such as dealers. These summaries do not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Any holders who are in doubt as to their personal tax position should consult their professional advisers.

Greek Tax

Under Greek tax laws as of the date hereof, no Greek withholding tax shall be imposed on payments of the par value or Preferred Dividends from the Issuer in respect of the Preferred Securities, should the holder of such Preferred Securities not be a resident of Greece for tax purposes.

Given that the Preferred Securities constitute hybrid innovative securities, under Greek tax laws as at the date hereof and to the extent that the Preferred Securities shall be considered to constitute equity, then a withholding tax of 20 per cent., which does not exhaust the tax liability of the holder but can be set off, as the case may be, against any further income tax liability of the holder, shall be imposed on holders who are tax resident in Greece and on holders who maintain, for tax purposes, a permanent establishment in Greece, and a withholding tax of 35 per cent., which represents the entire tax liability of a holder, shall be imposed on holders who are companies or legal entities and who are not resident in Greece and do not maintain a permanent establishment in Greece, in relation to payments made to such holders by a Paying and Transfer Agent of the Issuer, located in Greece, or by the Bank under the Guarantee, which payments represent Preferred Dividends, deriving from the Preferred Securities. Should, however, the Preferred Securities be considered to constitute debt instruments, no Greek withholding tax shall be imposed on payments representing Preferred Dividends.

Notwithstanding the above, payments of Preferred Dividends effected outside Greece shall not be subject to any Greek withholding tax. Payments of Preferred Dividends effected through clearing systems to non-Greek tax residents are not subject to any Greek withholding tax.

However, if a holder is a resident of a country with which Greece has executed a bilateral treaty for the avoidance of double taxation, then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax laws and shall apply, provided that such holder presents a “tax residence certificate” issued at a date not later than one year before such certificate is presented.

Jersey Tax

The Issuer shall have “exempt company” status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended December 31, 2003. The Issuer will be required to pay an annual exempt company charge which is currently £600 in respect of each subsequent calendar year during which it wishes to continue to have “exempt company” status. The retention of “exempt company” status is conditional upon the Comptroller of Income Tax being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax, and disclosure of beneficial ownership being made to the Financial Services Commission.

As an “exempt company”, the Issuer will not be liable to Jersey income tax other than on Jersey source income (except by concession bank deposit interest on Jersey bank accounts). For so long as the Issuer is an “exempt company”, payments in respect of the Preferred Securities will not be subject to any taxation in Jersey (unless the holder of Preferred Securities is resident in Jersey) and no withholding in respect of taxation will be required on such payments to any holder of Preferred Securities.

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Preferred Securities. In the event of the death of an individual sole holder of Preferred Securities, duty at rates of up to 0.75 per cent. of the value of the Preferred Securities held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Preferred Securities held by the deceased individual sole holder of Preferred Securities.

Proposed EU Savings Directive

On June 3, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from January 1, 2005.

SUBSCRIPTION AND SALE

BNP Paribas, Citigroup Global Markets Limited, National Bank of Greece S.A., ABN AMRO Bank N.V., ALPHA BANK A.E., BCP Investimento — Banco Comercial Português de Investimento, SA, EFG Eurobank Ergasias S.A., Greek Postal Savings Bank and Investment Bank SA (the “Managers”) have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated July 9, 2003, jointly and severally agreed to subscribe or procure subscribers for the Preferred Securities at the issue price of 100.0 per cent. of the principal amount of Preferred Securities, less a combined selling concession and management and underwriting commission of 1.00 per cent. of the principal amount of the Preferred Securities. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Preferred Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

Selling Restrictions

No action has been taken by the Issuer, the Bank or any of the Managers that would, or is intended to, permit a public offer of the Preferred Securities in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Preferred Securities or distribute or publish any Offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers and sales of Preferred Securities by it will be made on the same terms.

United States

The Preferred Securities and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that (i) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended); (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Bank; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

Greece

Each Manager has represented and agreed that it has not publicly offered or sold and will not publicly offer or sell any Preferred Securities in, or to persons in, the Hellenic Republic, or engage in advertisements, notices,

statements or other actions in the Hellenic Republic, with a view to attracting resident investors in the Hellenic Republic to acquire Preferred Securities. All applicable provisions of law 876/1979 and Presidential Decree 52/1992, as now in force, must be complied with in respect of anything done with regard to the public Offering of Preferred Securities in, from or otherwise involving the Hellenic Republic.

The reference in the preceding clause to the prohibition on, and the related formalities of, public sales and offers of securities in the Hellenic Republic do not apply where the purchasers or offerees are persons dealing in securities in the ordinary course of their business.

Jersey

Each Manager has agreed that the Preferred Securities may not be (i) offered to, sold to or held by, or for the account of persons (other than financial institutions in the ordinary course of business) resident for income tax purposes in Jersey; or (ii) transferred to a person resident for income tax purposes in Jersey (other than financial institutions in the ordinary course of business) unless the Registrar is satisfied that the beneficial owner thereof is not resident in Jersey for income tax purposes.

Italy

The offering of the Preferred Securities has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each Manager has agreed that no Preferred Securities may be offered, sold or delivered, nor may copies of the offer document or of any other document relating to the Preferred Securities be distributed in the Republic of Italy, except (i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No.11522 of July 1, 1998, as amended; (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the “Financial Services Act”) and Article 3, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended; or (iii) to an Italian resident who submits an unsolicited offer to purchase the Preferred Securities.

Each Manager agrees that any offer, sale or delivery of the Preferred Securities or distribution of copies of this Offering Circular or any other document relating to the Preferred Securities in the Republic of Italy under (i) or (ii) above must be (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of September 1, 1993 (the “Banking Act”); (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and (c) in compliance with any other applicable laws and regulations.

The Netherlands

The Preferred Securities may not be offered, sold, delivered or transferred, directly or indirectly in the Netherlands, other than to individuals who, or legal entities which, trade or invest in securities in the conduct of a profession or trade (which include banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors, and treasury departments and finance companies of large enterprises).

GENERAL INFORMATION

Authorization

1. The issue of the Preferred Securities was duly authorized by a resolution of the Board of Directors of the Issuer dated July 3, 2003 and the transaction and the giving of the Guarantee was duly authorized by a resolution of the Board of Directors of the Bank dated June 12, 2003.

Listing

2. Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange. For the purposes of the Luxembourg Stock Exchange rules and regulations only, the Preferred Securities will be considered debt securities. A legal notice relating to the issue of the Preferred Securities and the constitutional documents of the Issuer are being lodged with the Registrar of Commerce and Companies in Luxembourg (*Registre du Commerce et des Sociétés*) where such documents may be examined and copies obtained.

Clearing Systems

3. The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number ("ISIN") for this issue is XS0172122904 and the Common Code is 0172122904.

No significant change

4. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Bank or the Group since December 31, 2002 and in the case of the Issuer since date of incorporation. There has been no material adverse change in the financial position or trading position or prospects of the Bank or the Group since December 31, 2002 and in the case of the Issuer since date of incorporation.

Litigation

5. Neither the Bank, the Issuer nor any other member of the Group is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Bank is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer or the Bank.

Accounts

6. The auditors of the Issuer are Deloitte & Touche, Lord Coutanche House, 66-68 The Esplanade, St. Helier, Jersey JE4 8WA, Channel Islands. The auditors of the Bank are Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A., 250-254 Kifissias Avenue, Halandri 15231, Athens, Greece.

The consolidated and non-consolidated financial statements of the Bank for the three financial years ended December 31, 2000, 2001 and 2002 prepared in accordance with Greek GAAP were jointly audited by Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A. and by SOL S.A. The consolidated financial statements of the Bank for the three financial years ended December 31, 2000, 2001 and 2002 prepared in accordance with U.S. GAAP were audited by Deloitte & Touche Hadjipavlou Sofianos & Cambanis S.A.

The Issuer was incorporated on June 23, 2003 and has not yet published any accounts. It is currently intended that the Issuer will prepare audited non-consolidated accounts on an annual basis and will not prepare any interim accounts.

On an annual basis, the Bank currently prepares audited consolidated and non-consolidated financial statements in accordance with Greek GAAP and audited consolidated financial statements in accordance with U.S. GAAP. On a semi-annual basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with Greek GAAP which are reviewed by its auditors. On a quarterly basis, the Bank currently prepares unaudited consolidated and non-consolidated financial statements in accordance with Greek GAAP.

Documents

7. Copies of the following documents will be available free of charge from the specified office of the Paying and Transfer Agent, for the time being in Luxembourg, so long as any of the Preferred Securities remains outstanding:
 - (a) the Memorandum and Articles of Association of the Issuer and the constitutional documents (with an English translation thereof) of the Bank;
 - (b) the U.S. GAAP audited consolidated financial statements of the Bank in respect of the financial years ended December 31, 2001 and 2002 in English and the Greek GAAP audited consolidated and non-consolidated financial statements of the Bank in respect of the financial years ended December 31, 2001 and 2002 in English and Greek;
 - (c) the most recently published audited annual financial statements of the Issuer and the Bank (when available) and the most recently published quarterly and semi-annual unaudited interim financial statements of the Bank (with an English translation thereof); and
 - (d) the Subscription Agreement, the Agency Agreement and the Guarantee.

Notices

8. All notices concerning the Issuer and the Bank, including, but not limited to, notices with respect to dividend payments, rights issues, capital increases and general meetings are published by the Bank in Greek press of large distribution and the ASE bulletin.

PRINCIPAL DIFFERENCES BETWEEN U.S. GAAP AND GREEK GAAP AND GREEK ACCOUNTING PRACTICES

The Bank prepares its financial statements in accordance with both U.S. GAAP and Greek GAAP. Greek accounting practices sometimes differ from the requirements of Greek GAAP. U.S. GAAP differs significantly from Greek GAAP and, accordingly, there are material differences between the Bank's consolidated financial statements under U.S. GAAP and Greek GAAP. The brief summary of the principal differences between U.S. GAAP and Greek GAAP and Greek accounting practices as they apply to the Group are presented below.

Principles of Consolidation. Greek GAAP requires the consolidation of all banking and banking related subsidiaries. U.S. GAAP requires consolidation based on percentage ownership interests regardless of business activities of the affiliate in which an investment has been made.

Allowance for Loan Losses. Under Greek accounting practices, provisions for loan losses are usually made on the basis of tax legislation to achieve the maximum tax benefits, although Greek GAAP requires full provision to be made. Under U.S. GAAP, provision should be made for all losses inherent in the loan portfolio.

Debt and Equity Securities. Under U.S. GAAP, debt and equity securities are delineated by categories which include the trading, available-for-sale, and held-to-maturity portfolios. The trading and available-for-sale portfolios are carried at fair value, and held-to-maturity debt securities are carried at amortized cost. Unrealized gains and losses on the trading portfolio are recorded in income, while such gains and losses on the available-for-sale portfolio are recorded as a separate component of accumulated other comprehensive income which is a component of shareholders' equity. Under Greek GAAP, debt and equity securities are split into two categories, listed and unlisted, and banks are required to carry their entire portfolio at the lower of cost or market value determined on an aggregate portfolio basis. Valuation losses are recorded in income, however recent tax legislation, deviating from Greek GAAP, permits these losses to be recorded directly in equity or otherwise to be offset against property revaluation gains.

Land and Buildings. Under Greek GAAP, buildings are carried at cost as modified by statutory revaluations or special legislation, less depreciation. Land is carried at cost as modified by statutory revaluation. Under U.S. GAAP, buildings are carried at historical cost, less depreciation. Land is carried at historical cost.

Depreciation of Fixed Assets. Under Greek accounting practices, depreciation is provided in accordance with rates prescribed by tax legislation while under Greek GAAP, depreciation is provided for on a systematic basis over the assets' useful life. Under U.S. GAAP, depreciation is provided on a systematic basis over the assets' useful life.

Pensions, Post-retirement and other Employee Benefits. Greek GAAP does not address the accounting treatment for pensions, post-retirement and other benefit plans. However, in accordance with Greek GAAP, companies are required to provide for retirement indemnities at a rate of 40 per cent. of the lump sum payable, as prescribed by Labor Law. Tax legislation does not recognize the whole provision but rather the part that relates to employees departing in the following year and, in practice, companies generally do the same. Under U.S. GAAP, liabilities must be recorded by employers which sponsor defined benefit pension and other defined benefit plans. The cost of retirement benefits is recognized as an expense in the period during which the services of the employee are rendered.

Deferred Taxes. Under Greek GAAP, deferred taxes are not required. Under U.S. GAAP deferred tax assets and liabilities are recognized based on the tax effects of the difference between the book and tax bases of the various assets and liabilities.

Accounting for Finance Leases. Under Greek GAAP, all leases are treated as operating leases, even if in substance they are finance leases; therefore, the fixed assets are booked in the lessor's books. The lessor recognizes the rentals as income and provides for depreciation. The lessee charges the rental expense to income. Under U.S. GAAP, finance leases in the lessor books should be recorded as a receivable equal to the net investment in the lease and recognize income based on a pattern reflecting a constant periodic rate of return on either the lessor's outstanding net investment or the net cash investment in respect of the finance lease.

Insurance Reserves. Under Greek GAAP, insurance reserves are required to be provided according to specific legislation based on recent pay-out experience. Under U.S. GAAP, insurance reserves are, in general, required to be provided based on historical pay-out rates applied to policies outstanding.

Amortization of Intangibles. Greek GAAP requires intangible assets, including goodwill, to be amortized over a period not to exceed five years. By virtue of an exemption to this rule, goodwill can also be presented as a deduction of shareholders' equity. Moreover, in cases of a legal merger, any existing goodwill is written off

against reserves. U.S. GAAP allows intangibles to be amortized over the useful life of the asset, or related assets over a period of 20 years in general, whichever is shorter. Goodwill is tested annually for impairment and provisions are recorded in income.

Foreign Currency Translations. Under Greek GAAP, the translation of consolidated subsidiaries' financial statements from the local to the reporting currency are done at year end exchange rates. Under U.S. GAAP, the balance sheet is generally translated at year end rates while the transactions during the year are translated at the rates prevailing at the time of the transaction.

Treasury Stock. Greek law allows an entity to own its own shares in very rare circumstances. In these cases treasury stock is carried at cost and presented as part of total assets. U.S. GAAP allows companies to repurchase their own shares previously sold and requires the acquisition of these shares to be recorded as a reduction of shareholders' equity.

Dividends. Greek GAAP requires dividends to be recorded in the year in which the profits to be distributed are earned or accumulated. U.S. GAAP requires dividends to be accrued upon declaration.

Presentation of Notes to Financial Statements. Significant differences exist in the presentation of the notes to the financial statements under Greek GAAP compared to U.S. GAAP.

FINANCIAL STATEMENTS OF NATIONAL BANK OF GREECE GROUP

National Bank of Greece S.A. and Subsidiaries

*Consolidated Financial Statements as of December 31, 2002 and December 31, 2001
(prepared in accordance with Greek GAAP)*

NATIONAL BANK OF GREECE S.A.

(REG. No 6062/06/B/86/01)

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002

(In thousands of euro)

	31.12.2002		31.12.2001	
ASSETS				
1. Cash in hand, balances with central banks		857,521		2,481,917
2. Treasury bills and other bills eligible for refinancing with central banks		131,773		180,493
3. Due from financial institutions				
(a) Repayable on demand	72,473		74,392	
(b) Other loans and advances	<u>5,771,727</u>	5,844,200	<u>7,465,881</u>	7,540,273
3A. Reverse Repos		4,781,173		1,963,819
4. Loans and advances to customers	20,607,528		19,251,803	
Less: Provisions for doubtful debts	<u>(1,012,032)</u>	19,595,496	<u>(1,009,423)</u>	18,242,380
5. Debt securities including fixed-income securities				
(a) Government	15,167,019		13,749,180	
(b1) Corporates	2,667,858		2,352,867	
(b2) Other issuers	<u>1,107,593</u>	18,942,470	<u>819,517</u>	16,921,564
6. Shares and other variable-yield securities		402,441		933,924
7. Participating interests		318,051		328,602
8. Shares in affiliated undertakings		917,462		814,650
9. Intangible assets				
(a) Establishment and formation expenses	7,782		6,601	
(b) Goodwill	34,419		4,115	
(c) Other intangible assets	371,934		241,475	
Less: Accumulated amortization of intangible assets	<u>(134,295)</u>	279,840	<u>(127,976)</u>	124,215
10. Tangible assets				
(a) Land		289,664		210,922
(b) Buildings	556,597		391,247	
Less: Accumulated depreciation of buildings	<u>(236,601)</u>	319,996	<u>(222,050)</u>	169,197
(c) Furniture, electronic & other equipment	402,249		374,835	
Less: Accumulated depreciation of furniture, electronic & other equipment	<u>(267,043)</u>	135,206	<u>(228,037)</u>	146,798
(d) Other tangible assets	230,040		175,446	
Less: Accumulated depreciation of other tangible assets	<u>(90,313)</u>	139,727	<u>(75,005)</u>	100,441
(e) Fixed assets under construction and advances	<u>65,444</u>	950,037	<u>39,184</u>	666,542
12. Own shares		168,730		191,961
13. Other assets		574,632		2,101,300
14. Prepayments and accrued income		<u>331,866</u>		<u>348,430</u>
TOTAL ASSETS		54,095,692		52,840,070

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002
(In thousands of euro)

	31.12.2002		31.12.2001	
LIABILITIES				
1. Amounts owed to credit institutions				
(a) Repayable on demand	156,183		141,789	
(b) Time and at notice	4,039,418	4,195,601	3,178,110	3,319,899
2. Amounts owed to customers				
(a) Deposits	37,372,073		38,082,285	
(b) Other liabilities	197,995		386,281	
(c) Repos	7,231,368	44,801,436	6,344,045	44,812,611
3. Debts evidenced by certificates				
(a) Debt securities in issue	7,439		1,673	
(b) Other	28,586	36,025	84,811	86,484
4. Other liabilities		1,403,755		1,516,901
5. Accruals and deferred income		272,788		260,731
6. Provisions for liabilities and charges				
(a) Provisions for staff pensions and similar obligations	24,779		22,813	
(b) Provisions for taxation	4,880		4,266	
(c) Other provisions	14,047	43,706	23,106	50,185
6A. Provisions for general banking risks		7,941		9,474
7. Subordinated liabilities		750,000		205,378
Equity:				
8. Paid-up capital	1,043,419		1,026,362	
9. Share premium account	32,393		35,971	
10. Reserves				
(a) Statutory reserve	188,273		171,528	
(b) Extraordinary reserves	119,387		95,640	
(c) Tax-exempt reserves	875,207		930,563	
(d) Own shares reserve	1,387	1,184,254	1,387	1,199,118
11. Fixed asset revaluation reserve	100,760		91,822	
11a. Fixed asset investment subsidy	500		742	
12. Retained earnings	338,674		343,733	
13. Consolidation differences	(146,886)		(340,340)	
14. Minority interests	31,326	2,584,440	220,999	2,578,407
TOTAL LIABILITIES		54,095,692		52,840,070
OFF-BALANCE SHEET ITEMS				
1. Contingent liabilities		23,230,000		17,434,951
2. Commitments arising on sale and repurchase agreements		8,438		5,165
3. Other off-balance sheet items				
(a) Items in custody and safekeeping	5,041,405		7,336,414	
(b) Commitments from bilateral contracts	11,865,086		22,191,694	
(c) Credit memo accounts	12,615,642	29,522,133	11,529,140	41,057,248
TOTAL OFF-BALANCE SHEET ITEMS		52,760,571		58,497,364

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2002
(In thousands of euro)

	31.12.2002			31.12.2001		
PROFIT AND LOSS ACCOUNT						
1. Interest receivable and similar income						
— Interest income from fixed-income securities	752,706			806,031		
— Other interest and similar income	<u>2,046,009</u>	2,798,715		<u>2,530,834</u>	3,336,865	
2. Interest payable and similar charges		<u>(1,615,394)</u>	1,183,321		<u>(2,225,854)</u>	1,111,011
3. Income from securities						
(a) Income from shares and other variable-yield securities	9,869			23,301		
(b) Income from participating interests	8,034			8,193		
(c) Income from shares in affiliated undertakings	<u>2,136</u>	20,039		<u>8,390</u>	39,884	
4. Commissions receivable		<u>374,520</u>	<u>394,559</u>		<u>371,252</u>	411,136
			1,577,880			<u>1,522,147</u>
5. Commissions payable			<u>(40,708)</u>			<u>(33,005)</u>
			1,537,172			1,489,142
6. Net profit on financial operations		83,211			390,201	
7. Other operating income		<u>28,684</u>	<u>111,895</u>		<u>33,590</u>	423,791
Total income			1,649,067			1,912,933
8. General administrative expenses						
(a) Staff costs						
— Wages and salaries	(486,578)			(489,488)		
— Social security costs	(158,788)			(159,619)		
— Other charges	<u>(72,410)</u>	(717,776)		<u>(72,392)</u>	(721,499)	
(b) Other administrative expenses						
— Taxes and duties	(42,420)			(42,645)		
— Service fees	(121,156)			(115,552)		
— Other fees to third parties	<u>(136,178)</u>	(299,754)	(1,017,530)	<u>(124,869)</u>	(283,066)	(1,004,565)
			631,537			908,368
9. Fixed assets depreciation		(150,889)			(138,028)	
10. Other operating charges		<u>(14,440)</u>	<u>(165,329)</u>		<u>(12,867)</u>	<u>(150,895)</u>
Profit on ordinary activities before provisions			466,208			757,473
11+12. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments			<u>(144,634)</u>			<u>(174,835)</u>
Profit on ordinary activities before tax			321,574			582,638
15. Extraordinary income	42,334			48,765		
16. Extraordinary charges	(46,499)			(17,046)		
17. Extraordinary profit	<u>35,477</u>	31,312		<u>93,811</u>	125,530	
18. Profit before tax and minority interests			352,886			708,168
Minority interests			<u>(3,067)</u>			<u>(9,518)</u>
Profit before tax			349,819			698,650
Taxes						
— Income Tax	(112,163)			(209,726)		
— Other taxes not included in operating expenses	(9,682)			(4,351)		
— Differences in tax obligations from previous periods	(15,307)			(4,661)		
— Minority taxes	<u>581</u>	(136,571)		<u>3,907</u>	(214,831)	
Group profit after tax			213,248			483,819

NOTES

- A) The consolidated financial statements of the NBG Group include National Bank of Greece S.A. and the following financial sector companies: 1) Atlantic Bank of New York, 2) National Bank of Greece (Canada), 3) The South African Bank of Athens Ltd, 4) National Bank of Greece (Cyprus) Ltd, 5) “National” Securities Company S.A., 6) “Diethniki” Mutual Fund Management S.A., 7) “National” Mutual Fund Management S.A., 8) “Ethniki Kefalaïou” Management of Assets and Liabilities Co., 9) “National” Management and Organization Co., 10) “Ethniki” Leasing S.A., 11) “National” Regional Development Co. of Northern Greece S.A. Venture Capital, 12) NBG International Ltd, 13) NBG Finance plc, 14) National Securities Co (Cyprus Ltd), 15) Interlease AD (Sofia), 16) NBG Balkan Fund Ltd, 17) NBG Greek Fund

Ltd, 18) ETEBA Bulgaria AD, 19) ETEBA Emerging Markets Fund Ltd, 20) ETEBA Estate Fund Ltd, 21) ETEBA Venture Capital Management Company Ltd, 22) ETEBA Romania S.A., 23) “Ethniki” Venture Capital Management S.A., 24) Stopanska Banka AD Skopje, 25) United Bulgarian Bank, 26) ETEBA Advisory S R L, 27) NBG International Inc., 28) NBG Private Equity Ltd, 29) NBG Bancassurance Insurance Brokers S.A., 30) NBG Management Services Ltd, 31) NBG International Jersey Ltd, 32) NBG Luxembourg Holding S.A., 33) NBG Luxfinance Holding S.A., 34) NBG Asset Management S.A.S., 35) NBG International Asset Management S.A.S., 36) Innovative Ventures S.A. Of the companies included in the consolidated financial statements as at 31.12.2001, Banque Nationale de Grece (France) and National Investment Bank for Industrial Development S.A. (ETEBA) merged through absorption with National Bank of Greece S.A., in accordance with the provisions of Law 2515/1997. National Investment Company S.A. previously fully consolidated, was included in the consolidated financial statements of 31.12.2002 with the equity method of accounting. Also, the companies referred to under items 32, 33, 34 and 35 above were consolidated for the first time on 30.6.2002, while the company referred to under item 36 is consolidated for the first time as at 31.12.2002.

- B) All fixed assets of the Group are free of any liens or encumbrances as at 31.12.2002.
- C) Pursuant to the provisions of article 28 of Law 3091/2002, land and buildings owned and used by the Bank were revalued to their statutorily determined property prices as at 31.12.2002. The revaluation surplus thus arising amounted to €211 831 thousand and was set off against the valuation losses of the Bank’s trading portfolio amounting to €211 299 thousand.
- D) The number of persons employed by the Group as at 31.12.2002 was 20 146.
- E) The accounting principles applied by the Group are the same as those of the preceding accounting period.
- F) The fair value of the Group’s investment portfolio is lower than its historical cost, by approximately €359 million. This difference relates to non-financial sector subsidiaries and affiliates, which were not included in the consolidated financial statements of the NBG Group. In view of the adoption of the International Financial Reporting Standards as of 31.12.2003, these companies will be included in the consolidated financial statements and the above difference, which mainly represents Goodwill, will be calculated in accordance with the rules of the applicable Standard and the required adjustments, if any, will be accounted for through the transition account. On this basis, a provision against consolidated income is not considered necessary.
- G) Certain amounts of the comparative balance sheet and income statement have been reclassified so as to be comparable with the respective amounts reported in 2002.
- H) The balances denominated in foreign currency have been translated into euro at the prevailing exchange rate as at 31.12.2002.
- I) Pursuant to the provisions of Article 29 of Law 3091/2002, half of the merger differences, which in total amounted to €255 494 thousand, were set off against tax exempt reserves.

Athens, February 20, 2003

THE GOVERNOR AND CHAIRMAN
THEODOROS B. KARATZAS

THE DEPUTY GOVERNOR
THEODOROS N. PANTALAKIS

THE CHIEF FINANCIAL OFFICER
ANTHIMOS C. THOMOPOULOS

THE CHIEF ACCOUNTANT
IOANNIS P. KYRIAKOPOULOS

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of National Bank of Greece S.A.

We performed our audit in accordance with the provisions of articles 108 and 130 of Codified Law 2190/1920 "For Societes Anonymes" of the 9th consolidated Balance Sheet, consolidated Profit and Loss Account and the related notes thereto of the National Bank of Greece S.A. Group of companies for the year ended 31 December 2002. We applied the auditing procedures we considered necessary, which are in accordance with the auditing standards adopted by the Greek Institute of Certified Public Accountants Auditors, and we agreed the contents of the Directors' Report to the General Meeting of the Shareholders with the above consolidated Financial Statements. We did not audit the financial statements of various subsidiary companies included in the consolidation, which statements reflect 12.3% of consolidated total assets and 13.9% of consolidated total income. These financial statements were audited by other certified auditors, on whose reports we have relied upon to express our opinion, to the extent they relate to the amounts included in the consolidated Financial Statements. In our opinion, after taking into account notes (c) and (f) to the consolidated Balance Sheet, the above consolidated Financial Statements have been prepared in accordance with the relevant provisions of Codified Law 2190/1920, and present, in accordance with the prevailing legislation and accounting principles followed by the Bank, which are generally accepted in Greece and are consistent with those applied in the previous year, the asset structure, the financial position and the consolidated results of operations of all the companies included in the consolidated Financial Statements as at 31 December 2002.

Athens, 20 February 2003

CERTIFIED PUBLIC ACCOUNTANTS-AUDITORS

SPYROS D. KORONAKIS
Reg. No 10991

VASSILIOS D. PAPAGEORGAKOPOULOS
Reg. No 11681
SOL SA CPA

GEORGIOS D. KAMBANIS
Reg. No 10761
DELOITTE & TOUCHE

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National Bank of Greece S.A.

Unaudited Consolidated Financial Statements as of March 31, 2003 and March 31, 2002

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2003
(In thousands of euro)

	<u>31.03.2003</u>	<u>31.03.2002</u>
ASSETS		
1. Cash in hand, balances with central banks	1,390,938	1,651,876
2. Treasury bills and other bills eligible for refinancing with central banks	422,567	158,686
3. Due from financial institutions		
(a) Repayable on demand	38,656	65,642
(b) Other loans and advances	<u>4,734,387</u>	<u>8,243,921</u>
3A. Reverse Repos	5,171,522	120,383
4. Loans and advances to customers	20,755,565	19,570,653
Less: Provisions for doubtful debts	<u>(1,027,141)</u>	<u>(1,034,471)</u>
5. Debt securities including fixed-income securities		
(a) Government	14,029,398	14,537,089
(b1) Corporates	2,580,981	2,430,123
(b2) Other issuers	<u>1,226,935</u>	<u>1,003,470</u>
6. Shares and other variable-yield securities	515,744	618,900
7. Participating interests	318,323	325,940
8. Shares in affiliated undertakings	870,632	910,996
9. Intangible assets		
(a) Establishment and formation expenses	12,449	7,055
(b) Goodwill	33,062	4,154
(c) Other intangible assets	375,037	235,973
Less: Amortization of intangible assets as at 03.31	<u>(148,461)</u>	<u>(133,963)</u>
10. Tangible assets		
(a) Land	295,158	209,693
(b) Buildings	577,731	395,999
Less: Depreciation of buildings as at 03.31	<u>(241,238)</u>	<u>(225,968)</u>
(c) Furniture, electronic & other equipment	407,716	381,564
Less: Depreciation of furniture, electronic & other equipment as at 03.31	<u>(280,137)</u>	<u>(239,385)</u>
(d) Other tangible assets	243,195	178,632
Less: Depreciation of other tangible assets as at 03.31	<u>(99,192)</u>	<u>(77,576)</u>
(e) Fixed assets under construction and advances	<u>46,668</u>	<u>46,045</u>
12. Own shares	180,739	172,016
13. Other assets	652,027	585,193
14. Prepayments and accrued income	169,882	237,576
TOTAL ASSETS	<u><u>53,253,143</u></u>	<u><u>50,380,216</u></u>

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2003
(In thousands of euro)

	<u>31.03.2003</u>		<u>31.03.2002</u>	
LIABILITIES				
1. Amounts owed to credit institutions				
(a) Repayable on demand	523,709		115,869	
(b) Time and at notice	<u>4,885,810</u>	5,409,519	<u>2,853,772</u>	2,969,641
2. Amounts owed to customers				
(a) Deposits	36,491,325		37,169,390	
(b) Other liabilities	488,447		642,188	
(c) Repos	<u>6,230,889</u>	43,210,661	<u>5,147,236</u>	42,958,814
3. Debts evidenced by certificates				
(a) Debt securities in issue	7,360		1,625	
(b) Other	<u>25,070</u>	32,430	<u>101,655</u>	103,280
4. Other liabilities		1,014,157		1,346,486
5. Accruals and deferred income		119,727		187,956
6. Provisions for liabilities and charges				
(a) Provisions for staff pensions and similar obligations	22,816		22,989	
(b) Provisions for taxation	4,744		5,226	
(c) Other provisions	<u>13,755</u>	41,315	<u>24,303</u>	52,518
6A. Provisions for general banking risks		5,761		9,498
7. Subordinated liabilities		750,000		207,474
Equity:				
8. Paid-up capital	1,043,419		1,026,362	
9. Share premium account	32,393		35,971	
10. Reserves	1,131,773		1,200,340	
11. Fixed asset revaluation reserve	101,424		91,816	
11a. Fixed asset investment subsidy	500		681	
12. Retained earnings	252,633		330,857	
13. Consolidation differences	(142,652)		(340,526)	
14. Minority interests	<u>138,724</u>	2,558,214	<u>61,228</u>	2,406,729
Group profit before tax for the period 01.01-03.31	112,018		136,167	
Minority profit before tax	<u>(659)</u>	111,359	<u>1,653</u>	137,820
TOTAL LIABILITIES		<u><u>53,253,143</u></u>		<u><u>50,380,216</u></u>
OFF-BALANCE SHEET ITEMS				
1. Contingent liabilities		23,775,392		22,851,897
2. Commitments arising out of sale and repurchase agreements		11,900		3
3. Other off-balance sheet items		<u>34,819,129</u>		<u>40,354,257</u>
TOTAL OFF-BALANCE SHEET ITEMS		<u><u>58,606,421</u></u>		<u><u>63,206,157</u></u>

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2003
(In thousands of euro)

	<u>31.03.2003</u>		<u>31.03.2002</u>
PROFIT AND LOSS ACCOUNT			
1. Interest receivable and similar income:			
— Interest income from fixed-income securities	168,111		204,477
— Other interest and similar income	<u>499,058</u>	667,169	<u>467,537</u> 672,014
2. Interest payable and similar charges		<u>(350,941)</u> 316,228	<u>(397,206)</u> 274,808
3. Income from securities:			
(a) Income from shares and other variable-yield securities	911		1,028
(b) Income from participating interests	2,933		1,921
(c) Income from shares in affiliated undertakings	<u>1,300</u>	5,144	<u>1,248</u> 4,197
4. Commissions receivable		<u>92,491</u> <u>97,635</u>	<u>87,790</u> <u>91,987</u>
		413,863	366,795
5. Commissions payable		<u>(8,533)</u>	<u>(6,106)</u>
		405,330	360,689
6. Net profit on financial operations	31,847		66,246
7. Other operating income	<u>5,881</u>	<u>37,728</u>	<u>8,774</u> <u>75,020</u>
		443,058	435,709
8. General administrative expenses:			
(a) Staff costs			
— Wages and salaries	(120,647)		(121,165)
— Social security costs	(39,302)		(39,372)
— Other charges	<u>(16,878)</u>	(176,827)	<u>(16,988)</u> (177,525)
(b) Other administrative expenses			
— Taxes and duties	(10,487)		(11,708)
— Service fees	(33,098)		(29,672)
— Other fees to third parties	<u>(30,997)</u>	<u>(74,582)</u> <u>(251,409)</u>	<u>(29,467)</u> <u>(70 847)</u> <u>(248,372)</u>
		191,649	187,337
9. Fixed assets depreciation	(43,357)		(38,642)
10. Other operating charges	<u>(3,232)</u>	<u>(46,589)</u>	<u>(1,281)</u> <u>(39,923)</u>
Profit on ordinary activities before provisions		145,060	147,414
11+12. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		<u>(34,247)</u>	<u>(37,442)</u>
Profit on ordinary activities before tax		110,813	109,972
15. Extraordinary income	4,262		11,567
16. Extraordinary charges	(4,789)		(3,042)
17. Extraordinary profit	<u>1,073</u>	<u>546</u>	<u>19,323</u> <u>27,848</u>
18. Profit before tax and minority interests		111,359	137,820
Minority interests		<u>659</u>	<u>(1,653)</u>
Profit before tax		<u><u>112,018</u></u>	<u><u>136,167</u></u>

NOTES

A) The consolidated financial statements of the NBG Group include National Bank of Greece S.A. and the following companies of the financial sector: 1) Atlantic Bank of New York, 2) National Bank of Greece (Canada), 3) The South African Bank of Athens Ltd, 4) National Bank of Greece (Cyprus) Ltd, 5) National Securities Company S.A., 6) “Diethniki” Mutual Fund Management S.A., 7) National Investment Company, 8) “National” Mutual Fund Management S.A., 9) “Ethniki Kefalaiou” Management of Assets and Liabilities Co., 10) National Management and Organization Co., 11) “Ethniki” Leasing S.A., 12) National Regional Development Co. of Northern Greece S.A. Venture Capital, 13) NBG International Ltd, 14) NBC Finance plc, 15) National Securities Co (Cyprus Ltd), 16) Interlease AD (Sofia), 17) NBG Balkan Fund Ltd, 18) NBG Greek Fund Ltd, 19) ETEBA Bulgaria AD, 20) ETEBA Emerging Markets Fund Ltd, 21) ETEBA Estate Fund Ltd, 22) ETEBA Venture Capital Management Company Ltd, 23) ETEBA Romania, 24) “Ethniki” Venture Capital Management S.A., 25) Stopanska Banka AD Skopje, 26) United Bulgarian Bank, 27) ETEBA Advisory SRL, 28) NBG International Inc., 29) NBG Private Equity Ltd, 30) NBC Bancassurance Insurance Brokers S.A., 31) NBG Management Services Ltd, 32) NBG International Jersey Ltd, 33) NBG Luxembourg Holding, 34) NBG Luxfinance Holding S.A., 35) NBG Asset Management S.A.S., 36) NBG International Asset Management S.A.S., 37) Innovative Ventures S.A. Of the companies included in the consolidated financial statements as at 31.03.2002, Banque Nationale de Grece (France) and National Investment Bank for Industrial Development S.A. (ETEBA) merged through

absorption with National Bank of Greece S.A., in accordance with the provisions of Law 2515/1997. National Investment Company S.A. previously included in the consolidated financial statements with the equity method of accounting was fully consolidated as at 31.03.2003. Also, the companies referred to under items 33, 34, 35 and 36 above were consolidated for the first time on 30.06.2002, while the company referred to under item 37 was consolidated for the first time as at 31.12.2002.

- B) The fixed assets of the Group are free of liens or encumbrances as at 31.03.2003.
- C) The total number of persons employed by the Group as at 31.03.2003 was 20,145.
- D) The accounting principles followed are similar to those of the preceding accounting period.
- E) Certain items in 31.03.2002 were reclassified so as to be comparable with the corresponding items of 31.03.2003.
- F) The balances denominated in foreign currency have been translated into euro at the prevailing exchange rate as at 31.03.2003.

Athens, April 23, 2003

THE GOVERNOR AND CHAIRMAN
THEODOROS B. KARATZAS

THE DEPUTY GOVERNOR
THEODOROS N. PANTALAKIS

THE CHIEF FINANCIAL OFFICER
ANTHIMOS C. THOMOPOULOS

THE CHIEF ACCOUNTANT
IOANNIS P. KYRIAKOPOULOS

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED FINANCIAL STATEMENTS AS AT 31 MARCH 2003
(In thousands of euro)

	31.03.2003	31.03.2002
ASSETS		
1. Cash in hand, balances with central banks	1,206,210	1,420,524
2. Treasury bills and other bills eligible for refinancing with central banks:		
(a) Treasury bills and similar securities	395,139	115,214
3. Loans and advances to credit institutions:		
(a) Repayable on demand	94,661	18,801
(b) Other loans and advances	4,403,159	8,332,821
3A. Reverse Repos	4,919,464	147,918
4. Loans and advances to customers	18,255,372	16,676,863
Less: Provisions for doubtful debts	(858,639)	(807,153)
5. Debt securities including fixed-income securities:		
(a) Government	13,735,354	13,710,980
(b1) Corporates	2,422,779	2,207,170
(b2) Other issuers	69,305	208,102
6. Shares and other variable-yield securities	267,549	402,365
7. Participating interests	303,468	295,926
8. Shares in affiliated undertakings	1,553,350	1,705,128
9. Intangible assets		
(a) Establishment and formation expenses	4,708	3,765
(c) Other intangible assets	323,969	207,135
Less: Amortisation of intangible assets as at 31.3 ..	(126,201)	(118,916)
10. Tangible assets		
(a) Land	257,767	169,962
(b) Buildings	434,394	265,380
Less: Depreciation of buildings as at 31.3	(213,989)	(192,227)
(c) Furniture, electronic & other equipment	262,348	250,260
Less: Depreciation of furniture, electronic & other equipment as at 31.3	(196,957)	(169,741)
(d) Other tangible assets	10,483	9,740
Less: Depreciation of other tangible assets as at 31.3	(6,808)	(6,235)
(e) Fixed assets under construction and advances ..	25,502	23,697
12. Own shares	1,387	1,387
13. Other assets	556,365	476,863
14. Prepayments and accrued income	134,750	203,131
TOTAL ASSETS	48,234,889	45,558,860

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED FINANCIAL STATEMENTS AS AT 31 MARCH 2003
(In thousands of euro)

	31.03.2003		31.03.2002
LIABILITIES			
1. Amounts owed to credit institutions:			
(a) Repayable on demand	519,368		109,578
(b) Time and at notice	3,904,895	4,424,263	2,687,397
			2,796,975
2. Amounts owed to customers:			
(a) Deposits	33,342,886		33,427,994
(b) Other debts	460,632		170,324
(c) Repos	6,227,638	40,031,156	5,094,977
			38,693,295
3. Debts evidenced by certificates:			
(a) Debt securities in issue	1,432		1,654
(b) Other	25,070	26,502	44,255
			45,909
4. Other liabilities		567,436	1,235,252
5. Accruals and deferred income		76,464	151,904
6. Provisions for liabilities and charges:			
(a) Provisions for staff pensions and similar obligations	3,818		1,698
(b) Provisions for taxation	4,626		5,108
(c) Other provisions	9,735	18,179	9,777
			16,583
6A. Provisions for general banking risks		5,761	6,894
7. Subordinated liabilities		750,000	227,364
Equity:			
8. Paid-up capital	1,043,419		1,026,362
9. Share premium account	32,393		35,971
10. Reserves	842,993		930,277
11. Fixed assets revaluation reserve	97,577		86,374
11a. Fixed asset investment subsidy	—		181
12. Retained earnings	223,170	2,239,552	186,516
			2,265,681
13. Profit before tax for the period 1.1 – 31.3		95,576	119,003
TOTAL LIABILITIES		48,234,889	45,558,860
OFF-BALANCE SHEET ITEMS			
1. Contingent liabilities		23,452,850	22,734,924
2. Commitments arising on sale and repurchase agreements		71	3
3. Other off-balance-sheet items		30,846,694	36,507,408
TOTAL OFF-BALANCE SHEET ITEMS		54,299,615	59,242,335

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED FINANCIAL STATEMENTS AS AT 31 MARCH 2003
(In thousands of euro)

	31.03.2003			31.03.2002		
PROFIT AND LOSS ACCOUNT						
1.	Interest receivable and similar income:					
—	Interest income from fixed-income securities ..	153,694		181,813		
—	Other interest and similar income	434,424	588,118	403,425	585,238	
2.	Interest payable and similar charges		(328,105)		(364,109)	221,129
3.	Income from securities:					
(a)	Income from shares and other variable-yield securities	457		440		
(b)	Income from participating interests	2,933		1,579		
(c)	Income from shares in affiliated undertakings ..	5,636	9,026	8,705	10,724	
4.	Commissions receivable		64,685	73,711	63,985	74,709
				333,724		295,838
5.	Commissions payable			(17,383)		(8,691)
				316,341		287,147
6.	Net profit on financial operations		31,404		71,063	
7.	Other operating income		3,931	35,335	4,363	75,426
				351,676		362,573
8.	General administrative expenses:					
(a)	Staff costs					
—	Wages and salaries	(99,073)		(98,127)		
—	Social security costs	(36,322)		(36,089)		
—	Other charges	(12,580)	(147,975)	(13,299)	(147,515)	
(b)	Other administrative expenses					
—	Taxes and duties	(7,368)		(8,705)		
—	Service fees	(21,561)		(19,192)		
—	Other fees to third parties	(23,372)	(52,301)	(25,978)	(53,875)	(201,390)
				151,400		161,183
9.	Fixed assets depreciation		(21,129)		(22,323)	
10.	Other operating charges		(3,098)	(24,227)	(1,186)	(23,509)
	Profit on ordinary activities before provisions			127,173		137,674
11+12.	Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments			(30,000)		(29,000)
	Profit on ordinary activities before tax			97,173		108,674
15.	Extraordinary income		2,431		6,888	
16.	Extraordinary charges		(4,088)		(2,007)	
17.	Extraordinary profit		60	(1,597)	5,448	10,329
18.	Profit (before tax)			95,576		119,003

NATIONAL BANK OF GREECE S.A.
(REG. No 6062/06/B/86/01)
UNAUDITED FINANCIAL STATEMENTS AS AT 31 MARCH 2003
(In thousands of euro)

NOTES

1. *The fixed assets of the Bank are free of liens or encumbrances as at 31.03.2003.*
2. *Capital expenditure in real estate during the first three months of 2003 amounted to € 3 203 thousand.*
3. *The total number of persons employed in Greece and abroad as at 31.03.2003 was 14 664.*
4. *The 31.03.2003 and 31.03.2002 financial statements are compiled using provisional trial balances.*
5. *The accounting principles followed are similar to those of the preceding accounting period. Certain items in 31.03.2002 were reclassified so as to be comparable with the corresponding items of 31.03.2003.*
6. *The comparatives of 31.03.2002 do not include the financial position of ETEBA S.A. and NBG France, which merged with the Bank through absorption on 20.12.2002 and 5.12.2002 respectively.*
7. *According to the four-digit codification of National Industry Classification Code (NICC), the revenues of the Bank are classified under caption 651.9 "Activities of other intermediary monetary organisations".*

Athens, 23 April 2003

THE GOVERNOR AND CHAIRMAN	THE DEPUTY GOVERNOR	THE CHIEF FINANCIAL OFFICER	THE CHIEF ACCOUNTANT
THEODOROS B. KARATZAS	THEODOROS N. PANTALAKIS	ANTHIMOS C. THOMOPOULOS	IOANNIS P. KYRIAKOPOULOS

National Bank of Greece S.A.

Consolidated Balance Sheet and Statement of Income as of and for the years ended December 31, 2001 and 2002. (prepared in accordance with U.S. GAAP)

The financial information included below does not include the notes to such information.

	Year ended December 31,	
	2001	2002
	(EUR in thousands)	(EUR in thousands)
ASSETS		
Cash and due from banks	1,296,306	764,512
Obligatory deposits with central bank	851,819	203,036
Federal funds sold and securities purchased under agreements to resell	2,121,388	4,744,943
Interest bearing deposits with banks	7,550,807	5,486,932
Money market investments	179,984	125,448
Trading assets (includes EUR 5,910,398 thousand and EUR 2,569,903 thousand in 2001 and 2002 respectively, pledged as collateral)	15,372,091	15,278,098
Derivative assets	166,912	75,625
Securities:		
Available-for-sale, at fair value	3,494,516	3,843,962
Equity method investments	267,950	269,140
Loans	20,346,565	20,631,325
Less: Allowance for loan losses	<u>(1,014,927)</u>	<u>(1,011,145)</u>
Net loans	<u>19,331,638</u>	<u>19,620,180</u>
Goodwill	349,382	412,133
Software and other intangibles	45,789	63,159
Premises and equipment, net	607,695	626,063
Customers' liability on acceptances	1,078	1,572
Accrued interest receivable	828,223	805,172
Other assets	<u>2,475,087</u>	<u>2,926,242</u>
TOTAL ASSETS	<u>54,940,665</u>	<u>55,246,217</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Interest bearing deposits	37,547,055	36,727,347
Non-interest bearing deposits	<u>3,771,210</u>	<u>3,561,486</u>
Total deposits	41,318,265	40,288,833
Central bank borrowings	70,526	6,804
Federal funds purchased and securities sold under agreements to repurchase	6,387,482	8,278,892
Derivative liabilities	274,065	471,938
Other borrowed funds	114,292	236,458
Acceptances outstanding	1,078	1,572
Accounts payable, accrued expenses and other liabilities	3,757,813	2,529,798
Insurance reserves	1,100,036	1,152,375
Long-term debt	<u>265,327</u>	<u>813,947</u>
Total liabilities	<u>53,288,884</u>	<u>53,780,617</u>
Minority interests	293,950	228,437

	<u>Year ended December 31,</u>	
	<u>2001</u>	<u>2002</u>
	(EUR in thousands)	(EUR in thousands)
SHAREHOLDERS EQUITY:		
Common stock, par value EUR 4.5 in 2001 and EUR 4.5 in 2002 (shares authorised, issued and outstanding: 228,080,452 and 231,870,986 at 2001 and 2002 respectively)	1,026,362	1,043,419
Additional paid-in capital	368,555	408,058
Accumulated surplus	420,144	296,129
Accumulated other comprehensive loss	(31,851)	(89,408)
Treasury stock, at cost (11,320,277 and 11,411,727 shares at 2001 and 2002 respectively)	<u>(425,379)</u>	<u>(421,035)</u>
Total shareholders' equity	<u>1,357,831</u>	<u>1,237,163</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>54,940,665</u>	<u>55,246,217</u>

	Year ended December 31,		
	2000	2001	2002
	(EUR in thousands)	(EUR in thousands)	(EUR in thousands)
Interest Income:			
Loans	1,322,652	1,220,270	1,154,660
Securities available-for-sale	194,952	171,203	167,315
Securities held-to-maturity	186,171	—	—
Trading assets	943,172	689,027	756,576
Federal funds sold and securities purchased under agreements to resell	17,271	27,843	70,668
Interest-bearing deposits with banks	616,207	475,857	240,158
Other	91,463	37,110	27,321
Total interest income	3,371,888	2,621,310	2,416,698
Interest Expense:			
Deposits	2,044,243	1,209,218	923,640
Federal funds purchased and securities sold under agreements to repurchase	344,339	149,561	211,724
Other borrowed funds	17,694	9,148	5,654
Long-term debt	19,639	14,934	22,481
Other	16,674	10,252	11,524
Total interest expense	2,442,589	1,393,113	1,175,023
Net interest income before provision for loan losses	929,299	1,228,197	1,241,675
Provision for loan losses	(107,348)	(170,786)	(143,391)
Net interest income after provision for loan losses	821,951	1,057,411	1,098,284
Non-Interest Income:			
Profit on disposal and partial disposal of subsidiary undertakings	87,799	5,313	—
Profit on disposal of equity investments	—	—	2,280
Credit card fees	37,407	46,756	57,400
Service charges on deposit accounts	16,328	24,423	36,198
Other fees and commissions	345,318	305,884	286,627
Net trading profit / (loss)	255,288	(138,348)	(227,443)
Net realized gains on sales of available-for-sale securities	41,709	12,353	7,085
Equity in earnings or (losses) of investees	599	(1,086)	5,787
Other	711,592	801,679	797,338
Total non-interest income	1,496,040	1,056,974	965,272
Non-interest Expense:			
Salaries	523,252	555,024	563,152
Employee benefits	231,402	265,890	324,562
Occupancy expenses	41,125	46,908	44,757
Equipment expenses	17,168	20,977	22,153
Depreciation of premises and equipment	60,215	67,897	80,261
Amortization of intangible assets	62,462	62,580	42,017
Loss on permanent diminution in the value of available-for-sale securities	—	—	35,537
Deposit insurance premium	9,327	9,221	10,613
Other	797,146	874,134	959,130
Total non-interest expense	1,742,097	1,902,631	2,082,182
Income before income tax expense, minority interests, extraordinary items and effect of accounting change	575,894	211,754	(18,626)
Income tax expense	(320,822)	(115,087)	(15,037)
Minority interests, net of tax	117,719	79,260	64,431
Income before extraordinary item and effect of accounting change	372,791	175,927	30,768
Extraordinary item (less applicable income tax of EUR 61,115 thousand in 2002 and minority interests of EUR 17,395 thousand in 2002)	—	—	96,105
Change in accounting principle, net of taxes (Adoption of SFAS 133)	—	29,047	—
NET INCOME (carried forward)	372,791	204,974	126,873

	Year ended December 31,		
	2000	2001	2002
	(EUR in thousands)	(EUR in thousands)	(EUR in thousands)
NET INCOME (brought forward)	372,791	204,974	126,873
Other comprehensive income, net of tax:			
Foreign currency translation adjustments (net of tax expense / (benefit) of: EUR 1,746 thousand in 2000, EUR (8,417) thousand in 2001 and EUR 12,757 thousand in 2002)	3,243	15,630	(23,691)
Net unrealized holding losses on available-for-sale securities:			
Net unrealized gains / (losses) during the period (net of tax (benefit) / expense of: EUR (23,621) thousand in 2000, EUR 517 thousand in 2001 and EUR 23,878 thousand in 2002)	(86,955)	2,201	(52,455)
Less: reclassification adjustment for net gains included in net income (net of tax expense / (benefit) of: EUR 25,074 thousand in 2000, EUR (4,295) thousand in 2001 and EUR (2,575) thousand in 2002)	(16,634)	(8,062)	(4,510)
Reclassification adjustment for impairment of available-for-sale securities (net of tax of EUR 12,438 thousand in 2002)	—	—	23,099
Subtotal	(103,589)	(5,861)	(33,866)
COMPREHENSIVE INCOME	<u>272,445</u>	<u>214,743</u>	<u>69,316</u>
EARNINGS PER SHARE			
Basic ⁽¹⁾	EUR 1.57	EUR 0.87	EUR 0.53
Diluted ⁽¹⁾	EUR 1.57	EUR 0.87	EUR 0.53
EARNINGS PER SHARE (BEFORE EXTRAORDINARY ITEMS AND EFFECT OF ACCOUNTING CHANGE)			
Basic ⁽¹⁾	EUR 1.57	EUR 0.74	EUR 0.13
Diluted ⁽¹⁾	EUR 1.57	EUR 0.74	EUR 0.13
CASH DIVIDENDS DECLARED PER SHARE ⁽²⁾	EUR 1.17	EUR 1.09	EUR 1.10

(1) The weighted average number of common shares has given effect to the capitalisation of additional paid in capital in April 2000, the merger of the Bank with ETEBA, our investment banking subsidiary, in December 2002 and the capitalisation of reserves in May 2003.

(2) The cash dividends declared per share information reflects dividends declared and paid in the year indicated, in respect of net profits of the previous completed financial year, in accordance with the Bank's dividend policy. This information does not reflect the capitalisation of additional paid in capital in April 2000 or the merger of the Bank with ETEBA in December 2002.

THE ISSUER

National Bank of Greece Funding Limited

Whiteley Chambers
Don Street
St. Helier
Jersey JE4 9WG
Channel Islands

THE BANK

National Bank of Greece S.A.

86 Eolou Street
10232 Athens
Greece

PRINCIPAL PAYING AND TRANSFER AGENT

Citibank, N.A.

5 Carmelite Street
London EC4Y 0PA
England

PAYING AND TRANSFER AGENT

Dexia Banque Internationale à Luxembourg

69, route d'Esch
L-2953 Luxembourg

REGISTRAR

Citibank AG

Neue Mainzer Strasse 75
D-60311 Frankfurt am Main
Germany

LEGAL ADVISERS

To the Issuer and the Bank as to Greek law

Law Office T.J. Koutalidis

4, Valaoritou Street
GR-10671 Athens
Greece

To the Issuer and the Bank as to Jersey law

Ogier & Le Masurier

Whiteley Chambers
Don Street
St. Helier
Jersey JE4 9WG
Channel Islands

To the Issuer and the Bank as to English law

Allen & Overy

One New Change
London EC4M 9QQ
England

To the Managers as to English law

Sidley Austin Brown & Wood

Princes Court
7 Princes Street
London EC2R 8AQ
England

AUDITORS

To the Bank

**Deloitte & Touche Hadjipavlou Sofianos &
Cambanis S.A.**

250-254 Kifissias Avenue
Halandri 15231
Athens
Greece

To the Issuer

Deloitte & Touche

Lord Coutanche House
66-68 The Esplanade
St. Helier
Jersey JE4 8WA
Channel Islands

LUXEMBOURG LISTING AGENT

Dexia Banque Internationale à Luxembourg

69, route d'Esch
L-2953 Luxembourg

